

Rise in public borrowing accepted by Cabinet

The Cabinet accepted yesterday that public borrowing would rise next year and that increases in indirect taxation might be inevitable, representing a relaxation in the Treasury's monetary policy. Spending cuts will be discussed at an extra Cabinet meeting on Tuesday, with new cuts being sought may total £2,000m.

Tax increases on way in battle over cuts

Mr. Emery, the Treasury's chief economist, said in a speech yesterday that the Treasury's monetary policy was "not as tight as it was a year ago" and that "the government is prepared to accept a rise in public borrowing next year". He also said that "the government is prepared to accept a rise in indirect taxation next year".

But, accepting that it must rise represents an easing of the Treasury's extreme monetary stance. By how much is a question still to be decided by the Treasury. Mr. Emery said that the Treasury's monetary policy was "not as tight as it was a year ago" and that "the government is prepared to accept a rise in public borrowing next year".

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adgers face death

Agents with tuberculosis pose an enormous risk of cross-infecting other people. That warning came from a report by the Health Department.

ate pensions report

A report by the Social Security Commission says that the cost of state pensions is expected to rise by 15 per cent next year.

Frustrated shoppers ask why there is no meat or fruit and why tomatoes cost £3 a lb

The food cupboards in Russian homes are running low

From Michael Blyden, Moscow, Oct 30. President Brezhnev's frank admission last week that the countryside was not feeding its cities properly went to the heart of complaints that have been heard with ominous frequency over the past year. Russians have long been used to shortages, and to erratic supplies, and to having to queue. But since the final end of food rationing at the beginning of the Khrushchev period, they have taken it for granted that there will be enough to eat. Indeed, they have come to expect a steady improvement in food supplies, just as they now expect a steady improvement in consumer goods.



people have begun to complain openly about prices and shortages. Before the big holidays the shelves in many shops are almost bare. No fruit, no greens, no sour cream, no meat, no luxuries such as caviar, salted fish and choice salami which people maintain could always be found even in the harsh days of Stalin's rule. Only tinned produce, much of it imported from Eastern Europe, is available for the frustrated shoppers.

A holiday to most Russians means eating and drinking well, and the authorities try to stock the shops in preparation for New Year and the November revolution break. Last winter the shortages provoked unprecedented grumbling. Even the vodka ran out.

The question on everyone's lips is: Why? Why cannot the Soviet Union, a vast country with good farming land, provide the assortment of food that was at least available, if not affordable, in the old days?

There is no single answer. The main reason is the light touch from the countryside, mismanagement and inefficiency on the farms. As more and more people, especially young men, leave the village, the labour force becomes predominantly old and female.

Attempts to improve efficiency by large-scale mechanization have been thwarted by poor servicing and repairs of agricultural machinery, and a critical shortage of technically qualified men willing to stay on the land.

The general inertia of the economy means that money poured into the countryside has produced little return, and Continued on page 6, col 5

Polish leaders win Soviet support and pledge of more economic aid

From Our Own Correspondent, Moscow, Oct 30. Poland's leaders, who arrived in Moscow this morning for urgent talks with President Brezhnev over the political and economic crisis in their country, returned to Warsaw in the afternoon with what appears to be strong Soviet support for their position and a promise of further economic aid.

Mr Foot is local parties' predominant choice as leader, 'Times' poll finds

By Ian Bradley. Mr. Michael Foot would be the predominant choice of constituency Labour parties if they had a vote in the leadership election, according to a survey of 200 Labour MPs undertaken by the 'Times' this week.

Hostages delay

The Iranian debate on the American hostages has been delayed until Sunday because deputies opposed to a quick solution boycotted a key parliamentary session, delaying a decision. American feelings were said to be running high.

Kagan trial opens

The prosecution told Leeds Crown Court that Lady Kagan was involved in a scheme to amass money in a Swiss bank account as a "tax-free nest egg". Lady Kagan and others have pleaded not guilty to conspiring to defraud the Inland Revenue.

Injured PC dismissed

PC Stephen Hocking, aged 20, who lost part of his arm in a bomb explosion at a petrol station, London, has lost his job at the Metropolitan Police after a medical examination.

Apartheid changes

Dr Piet Koornhof, the South African Minister of Cooperation and Development, introduced three draft laws designed to eliminate "unnecessary and harmful discrimination" and to rationalise the "influx control" in "coloured" areas.

Farewell to the Fawley Towers of British Rail

From Michael Horsnell, Paris, Oct 30. The Orient Express may have had its murders but even Hercules Poirot might be moved to a seat tomorrow when the last of the great British trains, the Night Ferry from Victoria station to Paris, comes to the end of the line at the Gare du Nord after 44 years.

Complete with the faded livery of the very wagons lit which in 1936 carried the first passengers across the Channel without disturbing their dreams, the Night Ferry through train is to go the way of the Golden Arrow, the Brighton Belle and the Orient Express itself, to the great station in the sky.

It was the train which gentlemen caught with other gentlemen's wives from platform one at Victoria en route for Paris and Berlin, which they reached in time for luncheon the following day.

For the use of the cleaning car in his day supplement of £1 12s 6d was charged for first class passengers.

Yesterday I paid £12.25 for a last nostalgic first-class single berth return journey on board the train which has been losing British Rail £50,000 a year.

So I hung my toilet bag from the velvet-lined hook from which gentlemen used to suspend their watch-chains and poked the bell-snow to order a half-bottle of Bollinger.

The bell did not work. Neither did the order. The sleeping car attendant came to the end of the corridor, arrived with a can of warm lager.

"It's either that or Coke, sir," he told me. "The menu?"

"There's no buffet car, sir." "British Rail sandwich?" "You'll get one on the boat, sir."

In the morning I shaved in lukewarm water because the coal-fired boiler was not working properly and finished standing in a pool of water because the plumbing is not what it used to be.

Mr Colin Neill, the sleeping car attendant, confessed: "We do our best but these old cars are a bit like Fawley Towers, unreliable. Of course the service should be saved. But everything needs replacing. From now on everything's plastic. You'll never see its like again in Britain."

Understandably British Rail is planning a farewell party for its last luxury express which once included among its clientele the Queen, the Duke of Windsor, Sir Winston Churchill, and Harold Macmillan.

From its inception the Night Ferry was staffed by the Compagnie des Wagons-Lits. In 1977, with operational costs rising frighteningly, responsibility for the train's maintenance and operation was assumed by British Rail and the Société Nationale des Chemins de Fer Français (SNCF).

As Mr John Heath, the driver, prepared to take the train out of Victoria on its last journey, he told me: "I don't like to see it go. You can't carry on like this without spending the money to put things right. We're losing a little bit of style and a little bit of history. We haven't got any decent trains left."

BL workforce split on call for strike

By Clifford Webb, Midlands Industrial Correspondent. British Leyland car workers yesterday voted narrowly to take strike action over the company's pay offer. A meeting of shop stewards on Monday will now decide whether to call an all-out stoppage.

BL Cars pointed out that fewer than half the company's plants had voted in favour of a strike. But a union leader emphasised that the largest factories - including Longbridge, where the Metro is made - had rejected BL's offer of a 6.3 per cent increase.

Meetings of workers yesterday voted by 35,300 to 13,000 to take strike action. The final decision will have to await the outcome of Monday's meeting of 300 senior shop stewards from all plants.

They will decide whether there is sufficient shopfloor support to call an all-out strike. The system of voting adopted on Monday will be crucial. A free vote will almost certainly lead to a strike. Only four days ago the same stewards voted unanimously to recommend strike action but to await the results of yesterday's voting.

It was suggested last night that shop stewards should now vote in line with the result of individual plant meetings or in proportion to the members they represent.

Mr Grenville Hawley, the national official of the Transport and General Workers' Union who will chair the meeting, said: "No decision has yet been made on the voting procedure to be adopted. It will have to be discussed with national officials of all the interested unions to reach an acceptable formula."

A BL statement said: "Clearly this is a split vote in anyone's language. Less than half the plants which have voted went industrial action (15 to 19) and when this represents over 30,000 people, it is clear that a large proportion of our workforce do not wish to risk job security or the future of the company."

"We now await the outcome of the union meeting in Coventry on Monday morning to see if the unions feel they have any mandate for strike action."

Overwhelming support for a strike at Longbridge (where the Metro, Mini and Allegro are made) and Cowley (Maxi, Irai and Princess), the biggest plants in the group employing more than 26,000 manual

Ports halt expected on Monday

By David Felton, Labour Reporter. Britain's ports are expected to be at a standstill on Monday because of the decision by the National Union of Seamen (NUS) to call a one-day strike in protest at Cunard's move to switch two cruise liners to foreign flags.

All 29 ships in the Cunard fleet have been "blackened" by the union and several are already stranded in British ports.

All ships with British crews will be confined to port. Cross-channel ferries are unlikely to run and Irish ferries will also be affected. Support has been promised by the Transport and General Workers' Union and is being sought from the International Transport Workers' Federation, which could halt ferries across the North Sea, even if they are foreign.

Mr James Slater, general secretary of the NUS, said last night that the strike was the first shot in a campaign against companies flying flags of convenience, which he described as a "maritime mafia".

A three-day strike between Mr Slater and Lord Matthews, chairman of Cunard, produced a compromise formula but that was rejected unanimously by the NUS executive yesterday morning.

The union was demanding that Cunard drops its plans to transfer the Cunard Countess and the Cunard Princess to the Bahamas flag to cut labour costs. The Princess has been transferred and is cruising the Caribbean with a crew comprised mainly of Swiss, French and Chinese.

Lord Matthews has said that he is prepared to sell the entire Cunard fleet, including the Queen Elizabeth 2 if the dispute is not resolved.

Mr Slater said he sympathized with Cunard's difficulties. Average pay for seamen on some lines was about £23 a week and that for a British seaman £130.

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HOME NEWS

Government implementing most controversial section of its emergency powers on jails

By Peter Evans
Home Affairs Correspondent

Action is being taken to implement what Mr Leon Brittan, Minister of State at the Home Office, has called the most controversial section in the Government's emergency Act to deal with the crisis in prisons. It limits the need to produce remand prisoners in court.

The section is intended to reduce the load on police holding remand prisoners. Without it, police would be obliged automatically to produce almost all remand prisoners in court at least once every eight days. Prisoners have had to be sent to places that are often at a distance from the courts that remanded them.

Mr Brittan told Parliament that under the arrangements in section 2, the defendant would not appear in court for a remand hearing unless the court made a special direction. The

First choice seems clear but switch to Mr Benn next year likely

Mr Foot well ahead in constituency party poll

By Ian Bradley
Over the past seven days, The Times has spoken to the chairman or secretaries of 221 of the 268 constituency Labour parties in Britain which have sitting Labour MPs. To obtain these views on the Labour leadership election.

In 90 of those parties, either the general management committees have not yet met or the party officers were unwilling to comment on the election.

Among the remaining 131 who have held polls or other gauges of public opinion, 78, or 59.5 per cent, said that they would support Mr Michael Foot if they had a vote in the present election; 35 (26.7 per cent) would support Mr Denis Healey, and two (1.5 per cent) would support Mr Peter Shore and Mr John Silkin.

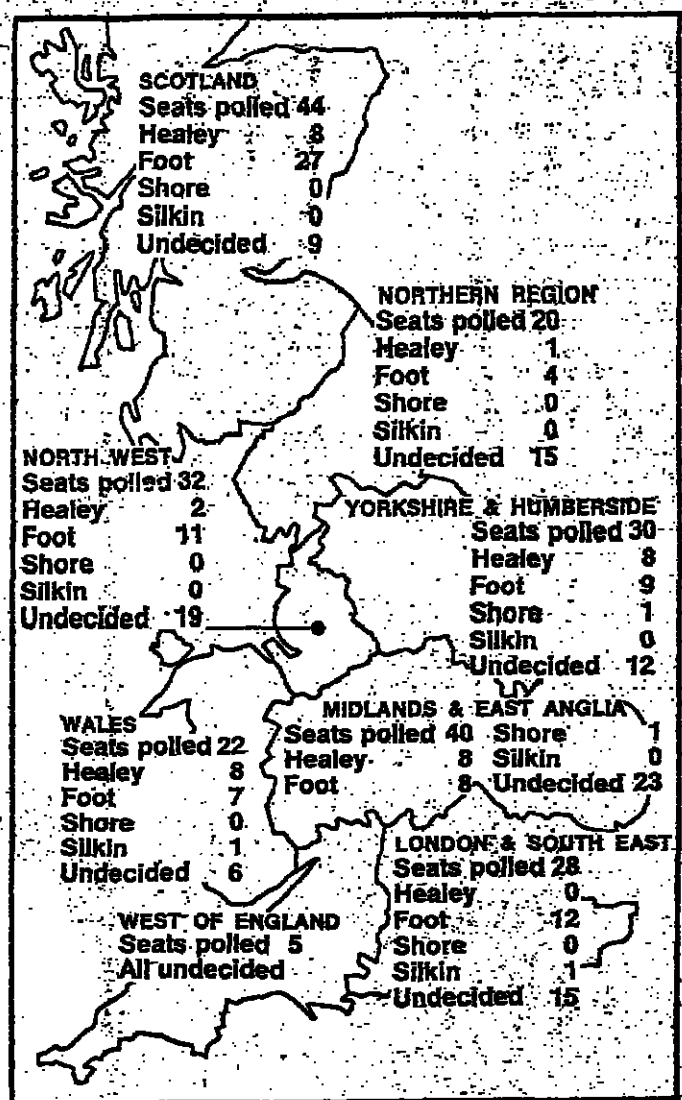
A further seven parties said that their support was equally divided between Mr Foot and Mr Healey, three between Mr Foot and Mr Shore, one between Mr Foot and Mr Silkin and one between Mr Shore and Mr Healey. Two parties said that members were equally divided in their support of all four candidates.

There are significant regional variations in the level of support for each candidate. While Mr Foot and Mr Healey have equal support in the Midlands and East Anglia and in Yorkshire, Mr Foot is much better among constituency parties in Scotland, the North west and in London and the South east where Mr Healey finds no supporters at all among the 28 parties polled by The Times.

Mr Healey is ahead of Mr Foot in Wales, where the latter has his Ebbw Vale constituency. Wales also provides Mr Silkin with his only vote outside his own constituency of Llanelli, Deirddor.

Llanelli constituency party said it would probably vote for him "because he has local family connections". Mr Shore has the support of Hull Central and West of Yorkshire, where when he stands under the new system.

Several constituency parties have taken two polls, one on the present leadership candidates and one on those of their choice. The Hastings, Hornsey party, for example, voted in its first poll 33 for Mr Foot, three



their constituency parties, however, divide 27 for Mr Foot, eight for Mr Healey, and one for Mr Shore and Mr Silkin, with nine undecided.

In spite of those differences, most constituency parties believe in leaving their MPs free to cast their votes as they see fit. They overwhelmingly reject the idea proposed by the Labour Co-ordinating Committee that MPs should bring their ballot papers to an emergency meeting of the general management committee and fill them in after a vote has been taken there.

Mr Michael Foot, MP for Oldham West, and a member of the Co-ordinating Committee, said that it was not in any way trying to suggest to constituency parties that they should vote for a particular candidate, but that they should vote for the candidate they thought was best.

The Times survey has found nine constituency parties who say that they are broadly in favour of mandating their MPs to vote for a particular candidate and of vetting their votes.

Bradford North party has taken the toughest stand. At a meeting last weekend it voted by a majority of 30 to 12 that Mr Benjamin Ford, its MP, should be mandated to vote for Mr Foot and should inform the party who he has voted for at every stage of the ballot.

Hastings constituency party, which also voted in favour of vetting and is likely to be involved in a clash with Mr Roy Mason, its MP, who is expected to support Mr Healey.

Other constituency parties which have declared themselves in favour of the principle of mandating their MPs are Nottingham West (Mr Michael English), Walsall North (Mr David Widdows), Hackney South (Mr Norman Atkin), Hammersmith North (Mr Clive Storey), Hounslow (Mr Russell Kerr), Lambeth, Vauxhall (Mr Stuart Holland) and Eton and Slough (Miss Joan Lester).

Admittedly, Mr Ford, Mr Clive Storey, Mr Russell Kerr, Mr Stuart Holland and Miss Joan Lester are all MPs who are not publicly committed.

Appeal for aid to save paper

By Craig Seton

If newspapers of the Times and The Times were out of existence, it would be a tragedy, for Mr Michael Foot, leader of the Labour Party, said last night, He urged Government to give assistance to prevent papers being wiped out.

Mr Foot, addressing a meeting in London on the future of the press, said that the Government should give assistance to prevent papers being wiped out.

Mr Foot said that the Government should give assistance to prevent papers being wiped out.



A soldier chaining a padlock to bars at Frankland prison.

MP dispels anxiety about prison

From Our Correspondent
Durham

Mr Mark Hughes, Labour MP for Durham, yesterday approved security arrangements for the new Frankland prison, Durham, before the arrival of its first 17 prisoners.

He said that misgivings on the part of local people, because the prison had been commissioned a year earlier than intended were groundless.

"A security facilities have been completed," he said, "except the electronic control of the main door, which will ensure that it cannot be opened when the inner gate is open. That is being attended to."

The prison has been opened to take prisoners who are being held in police cells because of industrial action by prison officers. The second intake of 80 (the first came from Cleveland) will arrive from other parts of the North today.

Mr Hughes said he was very impressed by the speed and effectiveness with which the 1st Battalion, The Gordon Highlanders, had completed preparations and also by the general standard of design and facilities. "These are much higher than in many prisons."

Mr Gary Dadds, the governor, showed Mr Hughes the interior of the prison and the high outer wall of reinforced concrete surrounded by a double electric fence. The corridor between the fence and wall is patrolled by the RAF with dogs.

Mr Hughes had been concerned about security because the prison is near a residential estate. He said that these people have less to fear than those who live near the existing Durham prison, he said.

Campaign for Labour Victory sends secret ballot plan to all members

By George Clark
Political Correspondent

A proposal for the election of the Labour Party by secret ballot of all individual members of the party, to be put before the Labour Party special conference in January is being circulated to all constituency parties and to the Labour Party's grass-roots organization which has the general support of the Manifesto Group of 80 moderate Labour MPs.

Announcing the details last night, Mr Mike Thomas, MP for Newcastle upon Tyne East, a leading member of the Manifesto Group, said it was an outrage that the party's national executive committee had refused to agree to circulate the secret ballot scheme for the leadership election.

It is monstrous that the NEC should take it upon itself to circulate only one model constitutional amendment—the one they prefer," he said. "Tom Bradley (Labour MP for Leicester, East) put this to the NEC at its meeting this week but it was rejected out of hand."

"Having seen this little bit of democracy coming over the horizon they decided that only their own model would be regarded as legitimate."

But Mr Thomas reminded the NEC that they would not decide what went on the agenda of the special conference. It would be the conference arrangements committee and it was certain that many constituency parties who shared the views of the moderates would put forward the one member, one vote proposal.

The moderate campaigners settled their plan for the Labour Party at the weekend, and published it last night.

The Campaign for Labour Victory, which claims to have 5,000 supporters in the constituency, stated: "We remain firmly of the view that the best way of choosing the leader of the Labour Party in Parliament is by the present method of election by Labour MPs whose confidence he has to command."

"If, however, the narrow and disputed decision of the Blackpool party conference to widen the franchise for choosing the leader does represent the wider views of the party at large, CLV believes that any method of election must be in principle and in practice as legitimate and democratic as the present method of election by Labour MPs whose confidence he has to command."

Therefore the campaign was circulating to its supporters and all constituency Labour Parties a model constitutional amendment which would provide for election by secret postal vote by all individual members of the party.

It assured those who might complain about the elimination of the trade union block vote and the collective votes of other affiliated organizations that their members could ensure that they had votes by enrolling as individual members in their constituencies.

Dr David Owen, Labour MP for Plymouth, Devonport, who is taking a leading part in the moderate campaign, said the procedure should give a big balance to party membership. A balance between the constituency, the parliamentary party and the trade unions had to be maintained if the party was to have national appeal.

BR summons unions to crisis talks

By David Felton
Labour Reporter

A two-day crisis conference with the trade unions has been called by British Rail in an attempt to break the deadlock over introducing productivity measures that it says are vital to its future.

Disagreement between the unions and the company has meant that the 20 per cent pay deal, agreed in principle as part of last April's 20 per cent pay deal, have not gone into effect.

The conference has been called for November 19 and 20. Last night, the executive of the National Union of Railwaymen (NUR), which has 180,000 members in the industry, agreed to attend the meeting.

The attitude of the other unions, the Associated Society of Locomotive Engineers and Firemen and the White-collar Transport and General Workers' Association, was not known.

Leaders of the NUR, meeting in London, decided that urgent steps had to be taken because of the railway's worsening financial position.

Police deny protester was unconscious

By Fred Emery
Political Editor

Sussex police informed the Government that a protester had not been unconscious when dragged from the Conservative Party conference earlier this month, a Home Office minister stated in the Lords yesterday.

The man, Mr Michael Carver, a member of the Right to Life campaign who gained unauthorized access to the Brighton Centre and protested during Mrs Thatcher's closing speech, claims that he came round in a police cell. After

Handicaps test in schools 'are misleading'

By Our Education Correspondent

Some screening tests used to detect educational handicaps in primary school children are worse than useless, a report to be published next month suggests.

Children in the former West Riding of Yorkshire, who were identified as having handicaps after screening at the age of seven were reassessed six years later by Mr Ewen Rennie, a school psychologist in Kirkcaldy.

His findings in the November issue of Educational Research. They suggest that the screening, which involved comments by teachers as well as standardized tests of vocabulary, reading and design copying, not only identified children as being in need of special education when they were not, but also missed many of those who were in need.

Two pupils out of every three who were assessed as in need of help from the school psychological service did not need it, and three out of four who did were missed, Mr Rennie says.

Of the 30 children who were deemed to be in need of special education at the age of seven, 29 did not eventually need it, while three quarters of those who were later judged to be in need of special education were missed in the original screening.

Only a third of the children aged seven identified as likely to fail educationally were in the bottom 10 per cent on a reading test at the age of 13.

County decides on £12m education cuts

By Our Education Correspondent

Cheshire County Council agreed yesterday to go ahead with its plans to cut £12m from its education budget over the next five years, but decided to re-examine the controversial proposals as to how those cuts are to be carried out.

About 400 parents, teachers and trade unionists demonstrated outside the county hall in protest against proposals put forward by the policy and resources committee, but not endorsed by the education committee, that would involve the loss of 1,448 teaching posts by 1985 and a worsening of the pupil-teacher ratio.

The education committee had said it would accept the proposals, which it believed would result in a lowering of education standards, only if directed to do so by the county council.

Education's share of the cuts involve a reduction of £2.1m in this year's education budget of £156m, and the loss of 335 teaching jobs and of 85 ancillary staff in schools.

It is hoped that that can be achieved without compulsory redundancies. It is intended that the pupil-teacher ratio will be kept at its present level.

Hopes of single-figure deal dented by Mr Duffy

By Paul Routledge
Labour Editor

The Prime Minister's confidence that the engineering industry had reached a single-figure wage settlement was rudely punctured yesterday by Mr Terence Duffy, moderate president of the Amalgamated Union of Engineering Workers.

Speaking after the Conference of Shipbuilding and Engineering Unions had approved a deal giving increases of 8.7 per cent on nationally agreed minimum rates, he issued a warning that, under the industry's two-tier bargaining system, workers would seek more money in shopfloor bargaining.

Cohse fights expulsion

By Our Labour Staff

The Confederation of Health Service Employees has taken up the case of Miss Jay Vapoury, aged 36, a Missian, who was told last Friday she must leave the country on Sunday. Miss Vapoury, who works at Harpenden Hospital, Radlett, Hertfordshire, was allowed a temporary extension after she produced a doctor's note that expulsion could cause illness.

The union has asked Mr Timothy Ralston, Minister of State at the Home Office, to reconsider the cases of eight Cohse members. They are among 250, mainly from the Philippines, who, as a result of a recent Lords ruling are living here illegally.

Government's housing policy attacked

By Pat Hesley
Social Services Correspondent

The Government's "cavalier and cynical" housing policies were leading Britain towards a housing crisis of a scale and intensity unremembered in modern times, the National Council of One-Parent Families was warned yesterday.

Mr Christopher Holmes, director of the East London Housing Association, told the council's annual conference that one-parent families would be among the main sufferers.

He pointed out that one-parent families were disproportionately displaced on public housing, and would therefore suffer more from the cuts in housing spending which by 1983 would reduce spending to one third of the level in 1975.

One-parent families had half the disposable income of two-parent families and were therefore unlikely to benefit from the introduction of the right to buy for council tenants. They would suffer instead from the reduction in housing stock that would result from council house sales.

They would suffer, too, if the campaign to emasculate the Housing (Homeless Persons) Act was successful.

Weather forecast and recordings



Pig burnt in grate as murder case experiment, police say

Police investigating six alleged murders burnt a pig weighing 11 stone in a council flat living room in a macabre experiment, a jury at the Central Criminal Court heard yesterday.

Using a knife, saw and mallet, they dismembered the animal's carcass and burnt it in the same grate used, it is alleged, to burn the bodies.

Det Sergeant Frank Williams said when giving evidence in

New disease victim

A man is in hospital at Enniskillen, Northern Ireland, with legionnaire's disease, which he contracted after returning from Portugal.

The hospital said there was no danger to staff or to the community.

BR summons unions to crisis talks

By David Felton
Labour Reporter

A two-day crisis conference with the trade unions has been called by British Rail in an attempt to break the deadlock over introducing productivity measures that it says are vital to its future.

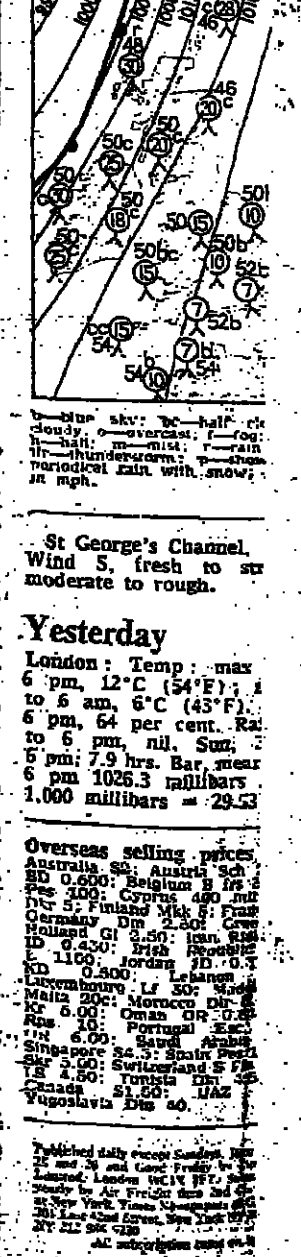
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The attitude of the other unions, the Associated Society of Locomotive Engineers and Firemen and the White-collar Transport and General Workers' Association, was not known.

Leaders of the NUR, meeting in London, decided that urgent steps had to be taken because of the railway's worsening financial position.

Weather forecast and recordings



HOME NEWS

Lady Kagan in plot to amass £1m tax-free nest egg, jury is told

From Our Correspondent

Lady Kagan, wife of the head of the Gannex textile empire, was involved with others in a scheme to amass a large sum in a secret Swiss bank account as a "tax-free nest egg", it was alleged by the prosecution at Leeds Crown Court yesterday.

She pleaded not guilty to conspiring to defraud the Inland Revenue by keeping the profit from the export of denim cloth. Lady Kagan, aged 55, of Flixby Road, Huddersfield, is jointly accused with two other people and one company.

Raymond Kennedy, aged 54, of Wedgwood Drive, Leeds; Thelma Ginsburg, of Broomfield, Eland, near Halifax, and Kagan Textiles Ltd, also pleaded not guilty to conspiracy to defraud the Crown.

A similar charge against another Kagan company, Cellofoam (Yorkshire) Ltd, will be dealt with later.

The case against Mrs Ginsburg's husband, Waldemar, was not proceeded because he was too sick to stand trial. He was discharged.

Mr Christopher Holland, QC, for the prosecution, said the case arose from an alleged conspiracy involving a life near and the formation of a Panamanian company with its own secret bank account.

The other side is the sad criminality of the matter. We are dealing with people of proven talent and ability who found themselves more and more involved in a matter which gave rise to more and more deception.

The defendants planned to divert into their Swiss account money that should have been brought back to Britain. The group had made up "criminally false documents and records" to cover up the scheme.

They formed a Panamanian company called Denim Continental (SA). "Although it was wholly owned and controlled by the defendants, its ownership was kept secret and clandestine."

The company bought ship-

ments of denim cloth from Cellofoam (Yorkshire) Ltd at "knockdown" prices and sold it at its full value to buyers in Belgium and Italy.

The Panamanian company returned to Britain "very modest sums representing a gross under-value, and sent the balance of the money to the bank account in Switzerland. At least £546,695 was diverted to Switzerland from the sale of denim."

The part played by Lord Kagan was vital to the back-ground of the case, Mr Holland said. But Lord Kagan was not accused of conspiracy to defraud. He was earlier committed to face trial later on separate charges.

Lord Kagan was energetic, enterprising and financially shrewd and commanded obedience and loyalty from his closest colleagues. But he had another side: "He was driven hard by the pursuit of wealth and was the living spirit behind the conspiracy that is alleged."

Mrs Ginsburg was a trusted and loyal employee of the Kagan group, and served as an assistant to her husband, Waldemar, who was mainly responsible for the paperwork of the Panamanian company.

Mr Kennedy was Mr Holland said at the centre of the financial administration of the group and was an inevitable member of the alleged conspiracy to work. He was company secretary of the three British firms involved in the case.

Lord Kagan, who had lived apart from her husband for some time, was heavily involved in the family's business dealings.

Mr Holland said the denim came into Lord Kagan's hands after the purchase of a bankrupt company, Charles Crabtree Ltd in 1972. By 1974 the stock of denim bought at low prices became valuable because of an increased demand for the commodity in Europe. It was then that the alleged conspiracy was created.

The trial was adjourned until today.

PoWs likely to get pay at 1945 rates

By Nicholas Timmins

The Government is expected to announce today that prisoners of war, who were deducted pay while in captivity during the Second World War, will be paid the money owed to them.

But it appeared last night that the money owed may be paid at their wartime value, without any allowance for inflation.

However, Lord Kimberley, who has raised the issue in the House of Lords, said last night that he believed the men's case had been looked at favourably by the Government, and was "cautiously optimistic" that there would be a favourable outcome.

The money was deducted from officers' pay to allow for the cost of the camp currency, the Germans and the Italians were meant to pay prisoners under the Geneva Convention. Many say, however, that they received little or no camp currency. After the war the cash was paid over to the Treasury.

Anti-Jewish bomb claims doubted

By a Staff Reporter

Scotland Yard was yesterday considering claims that the neo-Nazi group, Column 88, was responsible for the incendiary device sent to Mr. Frank Allaun, Labour MP for Salford East, who is Jewish.

There are suspicions that the calls, to Thames Television and the Daily Mirror, may have been hoaxes. Both calls, in different voices, came shortly after the early evening television news, and many hours after Mrs. Allaun's flight from her home.

The caller to Thames Television also spoke of "the bomb tonight", when the package had originally arrived at Mr. Allaun's home on Tuesday and had been

sent to him at the House of Commons.

The caller to the Daily Mirror said there would be no more bombs sent to MPs, "but there will be more to well-known people". He said Column 88 was waging a campaign against Jews. By yesterday evening, however, no similar packages had appeared.

Dr. Jacob Gewirtz, defence secretary of the Board of Deputies of British Jews, said however that he believed the claims to be serious.

He said he thought all members of the Jewish community would be aware of the possibility of receiving a letter bomb, but he warned members of the public with Jewish-sounding names to be alert.

Medical units cheered by Senate reprieve

By Annabel Ferriman

Westminster Medical School yesterday welcomed the decision of the London University Senate on Wednesday to allow the school to continue its independent existence.

Members of the hospital's campaign committee said they thought it unlikely that the Senate's decision would be reversed at the University Court meeting next Wednesday.

They also welcomed the assurance given in the House of Commons on Monday by Dr. Gerard Vaughan, Minister for Health, that the Government had "never envisaged that this great hospital [Westminster] would close or cease to do acute work."

The future of the medical school was threatened by the report of the Flowers Committee, which was set up by London University, a save money on medical education. It recommended in February that the medical school should close, while the hospital was threatened by the report of the London Health Planning Commission, published at the same time.

The university's joint planning committee recommended that instead of closing, Westminster Medical School should merge with the Guy's Cross Hospital Medical School. But proposals were rejected by the University Senate.

Exmoor ponies being auctioned for slaughter in the ring at Bampton Fair, north Devon, yesterday.

Officials of the Royal Society for the Prevention of Cruelty to Animals, the Ministry of Agriculture, veterinary surgeons and representatives of animal protection societies, watched the sale of 185 ponies. Most of them were auctioned for between £100 and £170, and will end up as horsemeat at the Continental market. They were bought by licensed slaughterhouses.

Only nine ponies with true Exmoor pedigree were sold.

PC who lost an arm told he must leave job

By Frances Gibb

The police constable who lost part of his right arm when a bomb exploded in his hand at Cardiff police station, south London, in May, has been told he must leave his job with the Metropolitan Police.

Police Constable Stephen Hickling, aged 20, who was told of the decision on Tuesday, when he went for a routine medical examination, said yesterday: "I am very bitter. I was assured that I would remain a policeman. It is the only job I know and I think I have been shabbily treated."

PC Hickling who married his fiancée, Corrairie, Copas, aged 24, two weeks ago, has been returned from a honeymoon in Greece. He had not been back to work since the bomb blast, in which he also suffered damage to an ear and eye.

Scotland Yard said yesterday: "PC Stephen Hickling has been seen by the chief medical officer and consulting surgeon, and informed that despite great efforts by a team of A&E surgeons, his permanent injuries were of such severity that it will not be possible for him to continue as a police officer."

The Commissioner is obliged to accept the advice of his medical advisers, but is anxious that PC Hickling should remain within the framework of the force.

To provide the opportunity for him to remain, he has been offered a position within the Commissioner's civil staff where there is ample career opportunity.

One such opportunity might be a job as dog trainer at the Metropolitan Police dog-training centre at Westons, Kent. But yesterday PC Hickling said he was going to appeal against the discharge.

"I realized that I could probably not go back on the beat. But there are lots of other jobs I could do, like working in the information room at Scotland Yard. I am really choked," he said.

Two clinics may defy Haughey 'Irish solution'

Risk of farce in contraceptive laws

From Christopher Thomas

Contraceptives will be legally on sale in the Irish Republic for the first time tomorrow, but with restrictions in force that the exercise is in grave danger of becoming a farce.

The Roman Catholic bishops are maintaining a chorus of moral indignation at the prospect of "unnatural" birth control becoming the norm, and the always acute sensitivity about suspected church pressure on the legislature has once more been aroused.

The most definite thing that can be said about the new Family Planning Act is that it will be flawed. It raises many unanswered questions, moral and practical, and there is unremitting controversy between churchmen, politicians, doctors, pharmacists and the fledgling feminist movement.

Its main ingredient is to curtail the availability of contraceptives, presently obtained with ease through eight voluntary family planning clinics that for several years have been in an ambiguous legal position. The legislation aims to ensure that only married couples get contraceptives by making it legally necessary to obtain a doctor's prescription, that can be dispensed only by a bona fide pharmacist.

That would reduce the role of the family planning clinics to counselling only, where at

present they sell contraceptives freely, or, as some clinics would prefer, they accept a donation in return for the supply of contraceptives.

Miss Dorothy Melvin, speaking for the family planning clinic in Galway, said: "The men who use our services have no intention of going along to a doctor as if they were prize bait looking for a licence."

The law provides for a £500 first fine for selling contraceptives illegally and £5,000 or a year in prison on a second offence.

But Miss Ann Connolly, director of the Women's Clinic in Dublin, said the clinic would continue to sell contraceptives, it has supplies for six months, and would not seek a licence to operate within the terms of the Act. At least one other clinic plans to do the same.

The law stipulates that importers will require a licence, which in theory applies to individuals who answer advertisements for postal deliveries from England. Doctors have different attitudes to the legislation and some will refuse to give prescriptions on religious grounds; the same applies to some pharmacists.

The clinics, according to the Department of Health yesterday, will be free to establish an arrangement with a proper chemist for the supply of contraceptives and reach a financial understanding.

That, however, far from satisfies the clinics, who fear they will be forced out of business if the law is obeyed. That fear has in recent days created the queues of people at the clinics waiting to make bulk purchases.

The questions critics of the Act ask include: "Will the Department of Health provide a list of doctors and chemists who are conscientious objectors to the provision of contraceptives, or will individual patients have to establish that for themselves? Will patients have to present a marriage certificate to prove they are not single? Will the doctor's consultation fee be standardized? For what quantity of contraceptives will the doctors give prescriptions?"

Irish couples were forbidden by law to use contraceptives until the celebrated McGee case in the Supreme Court in 1973 in which it was decreed that a person was entitled to reasonable access to contraception.

The new legislation is an attempt to curb the wholesale import and sale of contraceptives and is the product of Mr. Charles Haughey, the Prime Minister, when he was Minister for Health.

He commented: "It is an Irish solution to an Irish problem."

Judge suggests parole after three months

The threshold at which thieves are eligible for parole has been set back by a decision of Lord Justice Waller, a Court of Appeal judge, said yesterday.

Addressing the annual meeting of the National Association for the Care and Resettlement of Offenders, he pointed out inequalities that could occur under the present system, which a prisoner became eligible for parole after serving a third of his sentence, or 12 months, whichever was the longer. In practice, because there is one-third remission in any event, parole applies only to those serving more than 18 months.

Lord Justice Waller gave the example of two men convicted of a serious crime; one, a ring-leader, got three years' imprisonment, the other, who had played a relatively minor role, was sentenced to 18 months.

The ring-leader gets parole, and they are both released on the same day.

He suggested that release on licence should be available after three months' imprisonment had been served.

TV actor wins discharge

Earnings by Ian Hendry from the television series *For Maddie With Love*, helped to get the actor his immediate discharge from bankruptcy yesterday.

In the 10 months since he was declared bankrupt, Mr Hendry, aged 49, of Heather Gardens, Golders Green, London, had earned £45,385, mostly from the television series. His main creditor, the Inland Revenue, will receive £30,000 of it, London Bankruptcy Court was told.

'Now' to pay damages for libel on Spanish airline

Cavenham Communications Ltd, publisher of *Now* magazine, yesterday agreed to pay substantial damages and costs to the Spanish airline Spantax in settlement of a High Court libel action.

Spantax had also sued Mr William Norris, who wrote an article in *Now* last May about the 1977 Tenerife air disaster in which 582 people died.

Mr David Eady, for the airline, told Mr Justice Taylor that the article stated: "When a Conqair 880 four-jet airliner owned by the Spanish airline Spantax landed, there was apparently no parking space left, and no one to show the pilot past the next aircraft."

In frustration, he closed down his engines and left the giant aircraft where it was—in

the middle of the taxiway".

The article alleged that was the cause of the crash at Los Rodeos airport.

Mr Eady said that the article alleged that the Spanish investigators were wrong not to have made mention of "illegal parking by the Spantax airliner."

He said there was no truth in that suggestion. Spantax did not own a Conqair 880.

On the date in question only two aircraft belonging to Spantax landed at Los Rodeos, but they had left well before the accident.

Mr James Price, for the defendants, said they acknowledged that there was no Spantax airliner in the vicinity of the crash. They apologized for the embarrassment caused.

Revalued green pound urged to cut food bill

British shoppers would soon spend at least £8m a week more than necessary on food, the Consumers' Association said yesterday. It claimed that the European Community's common agricultural policy made British prices excessive.

Dr William Roberts, head of public affairs at the association, called on the Government to revalue the green pound. The rise in sterling meant that the value of the green pound to British farmers was increasing. The result would add £3m to £4m a week from Monday, he said. "British consumers are being denied just about the only benefit for them of a strong pound."

Detained men 'not wanted for Bologna blast'

Two Italians held since Wednesday by Scotland Yard were not responsible for the Bologna railway station bomb massacre, although one was wanted for extradition to Italy over alleged terrorist offences, police said yesterday.

The other was being held at Rochester Row for questioning about another offence not connected with terrorism.

Police said on Wednesday night that extradition proceedings were likely, but the two men were not taken to Bow Street magistrates' court as expected yesterday.

"We are awaiting further information from Italy", a police officer said.

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HOME NEWS

Killing of tubercular badgers by gas is to be resumed

Hugh Clayton, Agriculture Correspondent

The killing of diseased badgers with cyanide gas must be resumed as soon as possible, the Government announced yesterday. It decided to act after receiving a warning that tuberculosis in badgers could spread to humans.

The warning appeared in a report commissioned by Mr. Peter Walker, Minister of Agriculture, Fisheries and Food, from Lord Zuckerman, M.P., the former chief scientific adviser to the government, who is president of the Zoological Society of London.

"The human risk is enormously important," Lord Zuckerman said at a press conference in London yesterday. "A case in which a disease had been transferred from a badger to man. But without doubt it could happen. The creature that gets tuberculosis the way the badger gets it could cross-infect a human."

The government decided yesterday to accept all of his suggestions for reviving the campaign to reduce tuberculosis among badgers by killing infected animals. The campaign was suspended a year ago after a report by a committee of experts found that the disease had spread to humans in south-west Wales where the disease had been found in badgers.

The campaign began in 1970 when the Government became convinced that the disease was a source of tuberculosis in cattle. Last year it was suspended

for Lord Zuckerman to decide whether the campaign was right in claiming that badgers had not been shown to be the source of the disease in cattle.

He said in his report that badgers were definitely the source and that the Ministry staff in the west of England who have been criticized in recent years by animal welfare groups, "Ministry scientists are to be commended for having done about their work in the way of all good and experienced scientists," Lord Zuckerman added.

The Government has accepted Lord Zuckerman's plea for staff at the Chemical Defence Establishment at Porton Down, Wiltshire, to investigate better gas-gassing methods. "We should, if possible, discover a better way of disseminating cyanide gas throughout the tunnels and chambers of a set than by blowing in particles of cyanide preparations," as at present.

One in four badgers in some areas in the South-west had the disease. If diseased animals were not eliminated the entire British badger population, hundreds of thousands of animals, could become extinct.

People who found dead badgers anywhere in the country should tell local Ministry staff so that the carcass could be tested for the disease. Lord Zuckerman said he was worried about the keeping of badgers as pets.

Mr. Walker asked farmers not to kill suspected badgers. He said that the Ministry would review its policy on badger disease in three years.

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Thetto fears refugees' drop English

David Nicholson-Lord, the majority of adult Vietnamese refugees admitted in from Hong Kong, receive adequate English language training once they leave reception camps and move into their homes, according to a new survey of the resettlement programme.

Eliminary results from the survey, which covered more than 1,500 boat people, were entered yesterday to a joint Office committee containing resettlement.

Thirty per cent of refugees 17 and over were receiving English lessons and a further 10 per cent less than two hours a week. Fewer than 15 per cent were receiving the 10 hours a week regarded as the minimum necessary if the refugees were to regress into linguistic isolation.

A Vietnamese were keenly aware of the importance of English. Almost seven tenths of them, not on any training, listed language training as their most essential educational need.

A study, by the Ockenden Commission, one of the three voluntary organizations involved in the admission programme, found that local authorities, coupled with the Office policy of "disabling" refugees throughout the country, seriously threatens their ability to cope by themselves.

Language was the key to integration, yet many were being rehoused in rural areas with little previous experience of immigrants.

Woman PC 'partially stripped'

High jinks aboard a rugby club's annual float almost resulted in a policewoman being partially stripped, magistrates at Weymouth were told yesterday.

The rugby players, some dressed as American football players and others as cheerleaders, hoisted Woman Police Constable Anne Pitman, aged 22, onto their float, undid her skirt zip and tried to pull it down in front of thousands of people at Weymouth's annual August carnival.

The behaviour of the four accused Weymouth Rugby Club members and their guest was described as "rude, loutish and unbecomingly", by Mr Patrick Butler, for the prosecution.

The five deny assaulting WPC Pitman in the execution of her duty and damaging her skirt. They also object to being bound over to keep the peace.

They are the club secretary, Stephen Downton, of Cornwall, Charnminster, and players Stuart Bass, aged 20, of Derby Street, Weymouth; Arthur Fisher, aged 29, of Purbeck Lodge, Lower Putton Lane, Chickerell, Weymouth; and Gregory Scholfield, aged 36, of Franchise Street, Weymouth.

The guest was Donald Philpott, aged 23, of Goldcroft Road, Weymouth, who the prosecution alleged lifted the policewoman off her feet like a honeymoon bride, and handed her up to his friends on the float.

WPC Pitman was shown a photograph taken at the carnival and she admitted she was laughing. "As I was being carried I may have laughed and giggled with embarrassment," she said.

The hearing continues today.

Race body is to investigate council's hiring policy

A Staff Reporter

Allegations that Westminster Council may have discriminated against blacks by refusing to employ them as council employees are to be fully investigated by the Commission for Racial Equality.

The inquiry, believed to be the first of its kind into the employment practices of a local authority, will also look at the policy of a branch of the National Union of Public Employees (NUPE). The allegations are that the branch may be putting pressure on the council to employ blacks as

dustmen and that the council may thereby be guilty of racial discrimination.

The union and the council say they will cooperate fully with the investigation. "Discrimination in the manner alleged would never be condoned or supported by the union," NUPE said yesterday.

The council said it had a declared policy of non-discrimination in its employment procedures. The best candidate for a job was appointed, regardless of race, colour, creed, religion or sex.

West End cheap theatre tickets both approved

Our Theatre Reporter

Booth selling half-price theatre tickets is to be established at Leicester Square with the aim of revitalizing the area's business in the West End of London.

Planning permission for the booth has been given by Westminster Council and the Society for the Theatre.

The intention is to fill the unused seats left empty in theatres every night. The seats will be made available at half price on the day of a performance, either at the theatre or at the booth.

The booth will be able to buy the seats at half price, plus a service charge.

A New York booth in Leicester Square offering bargain rates has played an important part in increasing ticket sales on Broadway.

son at school

A fire-raiser set light to Rushmore Road comprehensive school, Cranham, Lincolnshire, on Wednesday night, causing damage estimated at more than £100,000 to classrooms and library.

More of England's vintners are getting bottled

England's vintners have produced this year twice as many quality wines as last year.

The English Vineyards Association's seal of approval has gone to 16 wines compared with eight last year. But there has been an uneven harvest, with good yields in some areas and disaster in others.

Mr John Ward of the Merrydown Wine Company, who is chairman of the English Vineyards Association, said: "Some people are doing well this year and others very badly. We have



Search for children: West Yorkshire police combing the Caulms Wood area yesterday in their search for the lost babies of a couple who say they gave them away more than 10 years ago (our Leeds Correspondent writes). It is half a mile from the cottage of Mr Harry Frost, aged 34, unemployed labourer,

and his wife, Betty, aged 33, in High Street, Hanging Heaton, Dewsbury, where another police team is continuing to dig. The new search area overlooks Batley, where neighbours say the couple often walked their dog. Forty officers are involved in both searches. The Frosts are being interviewed at Dewsbury police headquarters.

In brief

Scottish puma 'not so wild'

Mr Ted Noble, the farmer who captured a puma in the Scottish Highlands, may be the victim of a hoax. Mr Eddie Orbell, director of the Highland Wildlife Park said yesterday.

The puma had been out in the wilds for less than a week, was extremely well fed and seemed tame. Mr Orbell said. The big cat "seems accustomed to being in a cage" and had allowed people to scratch its head.

Crash kills five

Five people, killed when their car was in collision with a lorry on the A483 near Ammanford, South Wales, were named last night as Mr Jeffrey Tucker, aged 45; Mr Gordon Rees, aged 51; Mr John Davies, aged 54; Mr Gilbert Lewis, aged 52; and Mr Herbert Lewis, aged 37; all of Ammanford.

Coast trains hope

Trains could be running again in the spring over the worm-damaged Vindictum on the Cambrian coast line running north from Machynlleth, the Shrewsbury-Aberystwyth line liaison committee was told yesterday.

Sergeant suspended

Police Sergeant Mick Hayden, who is understood to have refused to enter a house in Stevenage to arrest a man without being armed, has been suspended by Hertfordshire Police pending disciplinary proceedings.

New attack on play

The Festival of Light has asked the Charity Commissioners to rule whether the National Theatre Board has broken its responsibilities as a charity in staging *The Romans in Britain*.

Woman dead in park

A mentally handicapped woman aged 23 was found dead in a bush at Alexandra Park, South Harrow, London, yesterday. She had suffered severe injuries.

Bludgeoning death

A woman aged 22 was found bludgeoned to death yesterday in the room she had rented for only a week in Romford Road, Forest Gate, east London. She was fully clothed.

Irish pay deal agreed

Employers' leaders in the Irish Republic accepted with reservations last night a national wage plan allowing pay rises totalling 16 per cent over the next 15 months.

Car blown up

Army bomb experts yesterday blew up a car parked at the Royal Pioneer Corps camp in Northampton. The car was later declared "clean". The owner was traced to Luton.

Unions sue over freeze on Whitehall pay reports

By Our Labour Staff

Civil Service unions have started legal action against the director of the Pay Research Unit to force the release of the reports which indicate increases due to civil servants and which are being withheld after the Government's decision to suspend the pay comparability system.

Reports from the unit were due to be delivered to the unions and the Government on November 15 and would contain the results of comparisons of Civil Service jobs with similar posts in the private sector. Unions leaders believe that they would have shown that in-

creases of between 12 per cent and 20 per cent would be necessary next April to maintain Civil Service pay.

The Government has suspended the pay research system for this year and has said that cash limits will be used to regulate pay increases to 500,000 white-collar civil servants.

Announcing that legal action had been started against Mr Vernon Morgan, the unit's director, Mr William Kendall, secretary general of the Council of Civil Service Unions, said the Pay Research Unit reports would be highly embarrassing to the Government.

Delayed report will invite politicians into minefield

Pressure on team assessing public sector inflation-proofed pensions

By Peter Hennessy

Members of the independent inquiry into the value of inflation-proofed public-sector pensions, established by the Prime Minister in May, met this week with a renewed sense of urgency after pressure from the Government to speed up its work.

In commissioning the five-man team under the chairmanship of Sir Bernard Scott, chairman of Lucas Industries, Mrs Margaret Thatcher said she hoped its investigation would be completed by the end of September.

Public servants covered by the Pensions (Increase) Act, 1971, and the cost of their pensions to the Exchequer.

Group	Cost of present pension	Increase due on Nov 24	New total
Armed Forces	426	63	489
Civil Service	480	75	555
Teachers	494	67	561
NHS	269	43	312
Police and fire	175	28	203
Local government	497	75	572
Overseas pensioners	94	18	110
	2435	367	2802

Source: Civil Service Department.

Even with a quickened tempo, its report will not be with the Prime Minister before the end of next month when, as ministers are acutely aware, a rash of headlines and parliamentary questions can be expected to greet the 16.5 per cent increase due to be paid from November 24 to 3,700,000 public servants.

Next month's rise, reflecting movements in the retail price index between November 1978 and November 1979, will add £367m to the £2,435m bill for public-service pensions payable under the 1971 Act to produce a new total of £2,802m.

The Scott inquiry's terms of reference are to judge whether the value of inflation-proofed pensions and job security are taken into account sufficiently in deductions made from pay awards to allow for them. Its relatively dry remit precludes it from pronouncing on the emotive matter of whether such benefits should be available to public employees in an era of high to hyper-inflation.

One reason for the slippage in the inquiry timetable is that Sir Bernard and his colleagues recognize that matters are not as simple as they sometimes seem from the Conservative backbenches. They realize their report will be an invitation for ministers to step into a political minefield.

As the accompanying table shows, the 1971 Act includes among its beneficiaries not just groups like civil servants and local government employees, for whom there is scant support on

the Government's benches. Removing from them the protection of inflation-proofing would incur minimal political penalties.

Tampering with identical arrangements enjoyed by the armed forces and the police, who have been treated as a special case by the Government for pay purposes, could not be achieved without repercussions. Nor would unhooking the pensions of doctors and nurses, who receive much public sympathy, from the retail price index be a simple task.

Without a shred of advocacy or special pleading the paper presented to the Scott inquiry by Sir John Herbecq, Second Permanent Secretary to the Civil Service Department, makes such difficulties clear.

Once Sir Bernard has reported, the politics of public-service pensions will probably unravel inside the Cabinet's Economy (Civil Service) Committee.

The dilemma ministers will face is whether it would be possible to strip inflation-proofing from civil servants and local government officers while making a special case of soldiers, policemen, nurses, doctors and others enjoying public and parliamentary esteem.

Whitehall expects Sir Bernard to suggest that the Government Actuary should place a higher value on inflation-proofing in advising the Government on the amount of pay sums

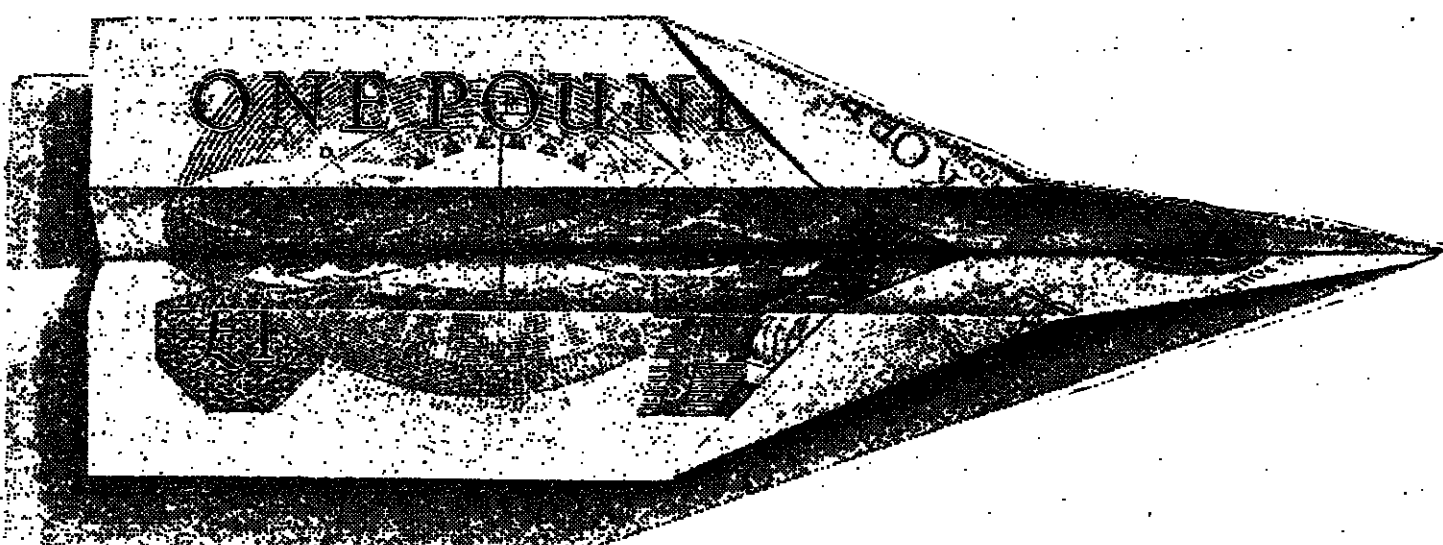


Sir Bernard Scott: Complicated task.

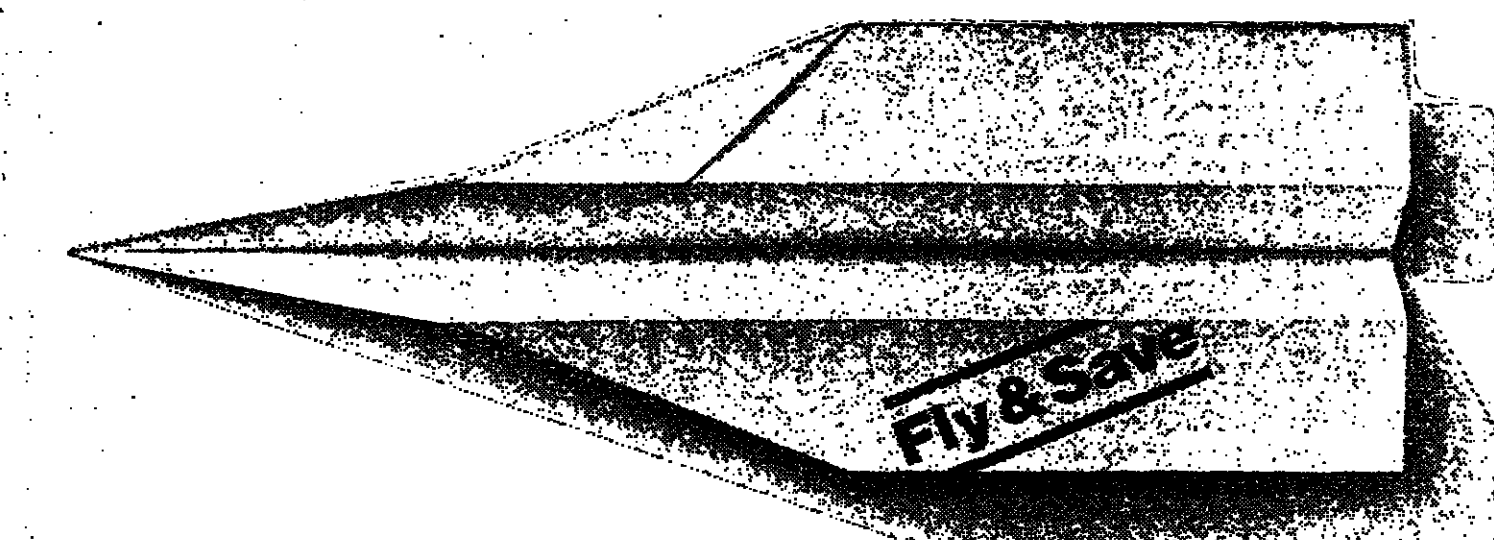
to be docked from settlements to cover it. It is likely, too, that the Scott report will recommend a mechanism for limiting inflation-proofing in years of hyper-inflation.

That might involve a cut-off point of, say, 10 per cent, with Parliament having the final say on whether the Exchequer could afford to top up pensions above that level. In such circumstances, full inflation-proofing might be preserved for the bulk of public-service pensioners who receive small sums.

Fly to Germany



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Lufthansa's new "Fly & Save" fare. Buy a Lufthansa "Fly & Save" return ticket to Germany any time after November 1st and you could save as much as £90.50. That's only £5 more than the regular single fare. So it's almost like getting a free trip home.

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Lufthansa
German Airlines

She claimed to have new evidence to prove her case which would considerably weaken the power of the Israeli military Government.

The Israeli Government prosecutor countered both arguments and submitted a Supreme Court ruling of 1978 as a precedent to show that deportation was legal.

The court then ruled that it would hear detailed arguments from both sides next week before making a final ruling.

مركزا من راحل

THE ARTS

Beverly Sills leaves a wealth of memories

New York, October 30
On the empty stage of the New York State Theater, surrounded by paper streamers, confetti and balloons, Beverly Sills brought her singing career to an end this week, twenty-five years after her debut with the New York City Opera. She had just finished singing to the piano accompaniment of Charles Wadsworth, the folk tune she has always used to close her recitals, with her arm laid gently on his shoulder and his mop head bowed over the keys. It was a touching moment, more touching than the showbiz event she had preceded it, and it summed up the direct personal appeal that is Beverly Sills.

In her own way, the earlier Sills was a show business performer. For prices up to a thousand dollars a ticket one could buy into the event, which included a dinner, the gala and the show. Some of the regular opera-goers, and some were raffish: there was

general satisfaction when one of these was won by New York's leading opera buff and staidest. The dinner, served in two locations, the State Theater and the facing Avery Fisher Hall, included a place of madeleines, whether to evoke one's own memories or those of Sills's operatic life was left unspecified. Yet, amidst the searchlights, the antiphonal trumpets on the plaza and the reports of a million dollar net profit for the benefit (the dinner and reception being underwritten by the blue jeans company, Marmont, and the gala by a patron), the memories had to do with what was presented onstage, in the second act set for *Fledermaus* (Sills's debut opera) was, for the most part, an array of show business folk only peripherally related to her long career. No opera selections were done, only popular and folk tunes.

Thus, Mary Martin in apricot and inconspicuously white hair, sang "My Heart Belongs to Daddy," or the quintessential Ethel Merman, in fire-engine red, with her quintessential "There's No Business Like Show Business," still belted word-etched to the back rows despite age and amplification. Thus, Renata Scott attempting to evoke the rain-bow with exaggerated portamento for the octave leap and mannered pointillism for the rest (Harold Arlen's music was almost as ubiquitous as Johann Strauss's); then, Sherrill Milnes, Leontyne Price, Eileen Farrell, James Galway, Cynthia Gregory, Plácido Domingo, Bobby Short, Dinah Shore and, as mistress of ceremonies, Carol Burnett.

The only artists directly associated with Sills's City Opera career were the evening's chief conductor, Julius Rudel, Donald Gramm (who provided a personal second verse to "I Want What I Want When I Want It") and the tenor John Alexander. Yet, if the emphasis was on the extra-operatic, this was oddly appropriate, since Sills's career, though ranging operatically from Handel to Richard Strauss and Menotti, has bridged the gap between the various musical cultures and has brought all of music under the one tent of her magnetic, outgoing personality. The parade of political figures, from the Mayor to Mrs Mondale and Mrs Lyndon Johnson, only testified to this unification, each distinct, each peculiarly American and distinct from any similar event at the Other New York opera house.

Strangeways BBC 1

Joan Bakewell

What television has done for the public school, the hospital and the Navy, it is doing for Strangeways prison. The formula is a proven winner. A time-serving and often prize-winning film crew simply moves in and keeps its cameras turning on every aspect of the human condition it finds within. All institutional life can thus be reduced neatly to a block of television program. And, like the institutions they portray, such theories have a certain, even attractive, predictability. The cast of characters splits easily across a dividing gulf: teachers/pupils, medical staff/patients and here prisoners/prison officers. One location, local conflict, social significance, the prison with no doubt move on. How soon, I wonder, before we have the parish, the holiday camp, the Foreign Office?

This first episode had little to talk of conversations, the minimum of comment, hardly any speech at all. Its major and shocking impact was the physical size of the place, its echoing galleries and arching central dome flanked by tiny rooms. Rarely do the honours of a film go primarily to its sound recordist. But the reality of Strangeways was captured by Michael Turner's skill in recording boots on metal, clanging bells, tin food trays and the awful acoustics of the place, unsoftened by curtains, carpets, softness of any kind.

Television bestows its gifts upon cinema

Grown Ups London Film Festival

Sir Henry at Rawlinson End (AA)

Paris Pullman

Diabolo Menthe (AA)

Minema, Knightsbridge

Last week's *Variety* reported that the current average cost of an American film is something upwards of \$10,000,000—approximately five times the figure for 1972—and that, to recover such an investment, a film must gross some \$40,000,000 at the box office. Since very few films outside the *Star Wars* class have any hope of achieving this sort of result, the American film industry seems—to the economically unsophisticated mind—to be approaching a situation that defeats any ordinary commercial logic.



The newly-weds next door: Philip Davis and Lesley Manville as Dick and Mandy in *Grown Ups*

Their first days in the dream home are somewhat shadowed by their natural awe for the couple next door, and by the persistent invasions of the wife's clinging sister Gloria. The only other character is the wife's best friend, a gloomy and grumbling girl who works in a department store.

The life of the two homes is gradually revealed. The young husband, a clerk, the wife, a typist, and the pub, the wife's takes in, addition, the supermarket and the vacuum cleaner. They have really nothing to talk about, so that their conversation, outside the marital bed, is mainly confined to grunting and snarling and snapping at each other, arguments about nothing. Next door, if they have little more to talk about, and even less to do, at least they have their pretensions, their paperbacks and their knitting. At first it looks like black character comedy; then you grow uneasy; is there not something misanthropic and malicious about the way these characters—the adolescent slob glued to *Grandstand* and his sluttish wife—are

La Bohème Coliseum

Stanley Sadie

As Mimi's health, in Wednesday's revival of the ENO *Bohème*, went from bad to worse, so her singing went from good to better. Sally Burgess, singing the role for the first time, began by sounding rather heavy and unwieldy of voice, wanting in the refinement of line that "Mi chiamano Mimi" needs to make its full effect. And the soft, high notes eluded her, or at least their softness did.

But right from the beginning there was charm, musicianly phrasing, and happily expressive touches of portamento. In Act III there was real passion, James Lockhart, returning in the company, was approaching years; at first he seemed to be pressing the opera forward with a shade too much energy and jollity, but later he took ample time where it was needed, and throughout, even obtaining polished orchestral playing, through an ear obviously finely tuned to the expressive qualities of Puccini's tonal palette.

Mike Westbrook

Round House

Richard Williams

With *The Cortège*, a suite in 12 parts performed by an orchestra of 16 musicians, Mike Westbrook has vindicated the decision he made a decade ago to abandon the jazz mainstream in favour of a series of involvements with the rock format, mixed-media events, cabaret and a pre-occupied brass band. The present work, which received its London premiere at the third night of the Camden Jazz Week on Wednesday, successfully assimilates his recent interests into a music of colour, substance and character.

Most of the sections include settings of poetry, sung by Kate Westbrook and Phil Minton. Each lyric is given in its language of origin, and each receives a custom-built arrangement, slanted with the primary orchestral colour, which Mike Westbrook has always been fond of. Rimbaud's withering "Démocratie" is done as a bolero, confidently declaimed by a Lenya by Kate Westbrook; Heidegger's "Sein und Zeit" appears in a section titled "Berlin", with

Some of the reviews on this page are reprinted from yesterday's later editions

Forthcoming events

Offenbach triple bill

The Offenbach 1980 Committee celebration with an evening of three of the composer's one-act operettas—*La Belle Hélène*, *The Song of Fortunio* and *Monieur Choucroute*—at the Queen Elizabeth Hall on Sunday. The operettas will be given concert performances in English by members of Welsh National Opera, the first fully professional performances of the works in London this century.

found. All seats in Glasgow are currently 90p, but in London the tickets in December will be £4.00 and £3.00—prices which the Round House says are still lower than it would normally charge.

There will be a Hallebury evening of choral and instrumental music at Sadler's Wells Theatre on November 9. This will be the school's second visit to the theatre. The concert, which will include music by Bach, Haydn, Copland, Wolf, Ferreri and Weill, will be conducted by Jack Hindmarsh.

Maggie Smith is to return to the London stage in the Stratford, Ontario, production of *Virginia* by Edna O'Brien, from Virginia and Leonard Woolf. Directed by Robin Phillips, *Virginia* will open at the Theatre Royal, Haymarket, on January 29 for a limited season of 12 weeks. The rest of the cast is Nicholas Pennell and Patricia Connolly.

Martini's second symphony, completed in 1943, receives its first public performance in Britain on November 15, by the Young Musicians' Symphony Orchestra conducted by James Blair at St John's, Smith Square. Aaron Copland's eightieth birthday, the previous day, is celebrated by the inclusion of his *Clarinet Concerto*, with Mark van de Wiel as soloist, and the concert concludes with Tchaikovsky's fifth symphony.

Book review—The History of Poland since 1863

Edited by R. F. Leslie. (Cambridge £25)

Four authors divide between them the history of Poland since 1863, the year of the failed January Uprising. The editor, R. F. Leslie, the editor, takes the story up to the First World War. He is a Marxist, who signals his allegiance clearly enough for the reader to be put on his guard. He tries to cut Polish nationalism down to size. "A basic problem of Polish nationalism in the modern and contemporary epoch has been the conflict of the state with the Russian state with consciousness of a common interest with the Russian people," he writes. By far the predominant interest shared by Poles with the Russian people is in the enfeeblement or, ideally, destruction of the Russian state.

These are economic circumstances in which the British film industry has little chance of competing; but, historically, competition with the American film industry has never been a particularly sensible or happy road for the British cinema to pursue. In the past 12 months, in fact, the really interesting films that have been made in this country, and which have attracted some sort of attention and respect abroad, have not been the big old-style commercial movies on the lines of *Saturn Three* or *Silver Dream* or *Racer* but pictures of an extremely modest scale, *Peckinpah*, and *My Darling Clementine*, and *My Darling Clementine*, and *My Darling Clementine*.

The paradox in the current situation is that with all the economic constraints, and with the old commercial establishment, at virtual standstill, British cinema is showing signs of more vitality than for years. Next week sees the commercial opening of one National Film Finance Corporation protégé, *Babylon*. Another, Bill Forsyth's *Gregory's Girl*, is showing in the coming London Film Festival, which includes no fewer than 17 brand-new British films. Some are only short subjects; some will undoubtedly turn out to be brave false starts; but enough remain. What is significant is that the whole lot of them, including some full-fledged commercial productions, have certainly cost considerably less than a single, average American pic-

nure. Not one of them has found its finance from conventional commercial resources. Instead, the Corporation has a crucial role to play in giving financial assistance to those films which seek a wide audience, but which the industry considers too risky to support.

Mike Leigh's *Grown Ups*, which was shown to the press this week, was produced by BBC Television. There is a constant danger that the television work of people like Leigh, Stephen Frears and Stephen Polter simply gets washed by in the great current of drama. It is important, in assessing the state of British cinema in the Eighties, to recognize them as individual works in their own right, and no less important that if they were made for theatrical release. *Grown Ups* is by any standards a remarkable picture, and confirms that Leigh is a talent as creative and innovative as anybody currently working in films anywhere. It is the greatest possible fallacy to estimate the importance of a work on the size of the screen or the scope of the action.

David Robinson

In fact the action of *Grown Ups* is entirely confined to two neighbouring council houses, an estate in Coventry. Into one of them move two newly-weds. Next door they find one of their old secondary modern teachers and his grey gym-mistress wife.

Diabolo Menthe is a quite appealing debut by a woman director, Diane Kurys, about a year in the school life of two teenage sisters, children of a broken marriage. School is shown in all its horrors (detentions and teachers who may be sadistic or racist) and thrills (runaways and romances). The younger girl is moving into a "difficult" age of withdrawal and poor academic results, just as the older one is coming outwards towards new friendships, awareness and social involvement. Without any outstanding qualities in performance, script or conception, it is still skilfully enough constructed to be a fast, free and convincing exposition of the awkward age.

There are books that go deeper into recent Polish history (for instance, Adam Rudnick's *Poland's Politics*) and histories of parts of it (notably Hans Roos's of a few years ago and Richard Hottel's recent *Bitter Harvest*) that are more straightforwardly readable but in its impersonal, lighty dis-jointed way this book is usefully comprehensive.

Black Jack, *Babylon* and *The Europeans* were all backed by the National Film Finance Corporation, whose annual report, published this week, describes how the economic circumstances have changed its function since the time, thirty years ago, when it enjoyed an annual subsidy of £44 million (worth perhaps ten times as much in today's terms) and could give substantial backing to 60 or more pictures:

"The sums that are and will be available to the Corporation for lending are limited. The Corporation cannot therefore presume to take on the responsibility of financing the British film industry. There is no purpose in the Corporation's operating as yet another low-

Anthony Quinton

Hansel and Gretel

The Other Place Stratford

Irving Wardle

"I have to eat children more and more, it's inflation," David Rudkin's witch, confesses shortly after chopping off Gretel's finger. It is the world as no as not to impair her productivity. From which you may glean that whatever this show has in view it is not the Christmas trade.

Something disrespectful is being said about our rulers, but just what it is I cannot discern from a fablia that seems to apply equally to censorship, economic cuts, and maltreatment of the young, incriminating the abandoned babes' parents no less than the witch.

However, if straight theatrical vitality were all that counted there would be no complaints from me. In Ron Daniels's production the piece rattle along a roller-coaster track of horror, farce, anachronisms, groan puns, infant fantasy, and surrealist excess. "If it disturbs you, dear, kill it," remarks the witch when her daughter is bothered by a bird. "Not a word," the ghoulish Olive blazes off with a cannon and brings down a shower of pigeons.

The occasion is an Edwardian public school garden party that the witch graces as a titled lady about to deliver an address on the reform of fairy tales. "I am a cloagated nose," she says, she appears as a dear



Allan Hendrick and Janine Duvitski Photograph by Donald Cooper

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GUARDIAN

Geoffrey Smith

Being there already is more than half the election battle

One of the questions at issue in next Tuesday's Presidential election is whether it is much of an advantage to be the incumbent. According to conventional wisdom, a sitting President of the United States is always re-elected whenever he offers himself. It was because President Roosevelt was re-elected so often that a constitutional amendment was passed to make it impossible for any President after Mr. Truman to serve more than two full terms. But President Ford was defeated in 1976, and if Mr. Carter loses now it will be widely believed that the convention is dead.

President Giscard d'Estaing seems certain to be given another term of office in France next spring. One might almost include Mr. Trudeau's victory in Canada nine months ago in the same category, even though he defeated a sitting government. Mr. Joe Clark's Conservatives had been in office for no more than 10 months, so the Canadian electorate was turning once again to the leader who had been Prime Minister since 1968.

There is not, of course, a new universal law of western politics that the sitting government must always triumph. Otherwise Mrs. Thatcher would not now be in Downing Street. But it is notable that so many incumbents should be successful at a time of economic difficulty with a deepening international recession. Both unemployment and inflation have been causing serious anxiety in the United States. The Germans are worried that their gross national product

seems likely to rise by little more than 1 per cent this year. The Australians also have unemployment problems, and the French are alarmed by their rate of inflation. These are the circumstances in which one would expect anxious electorates to be less than appreciative of their rulers. It is one of the most familiar saws of politics that when the economic weather is bad most people want to "throw the rascals out". If electorates are now responding to economic misfortune with greater political discrimination, this must be democratically healthy. It implies that governments in advanced countries are no longer regarded quite so much like rain-makers in primitive societies, their stock rising and falling according to circumstances over which they can have no control.

It might be objected that it would be even worse to offer a licence to incumbents. Does not a vital democracy depend upon the alternation of parties in office, so that nobody has a monopoly of power? There are a number of answers to this anxiety. The first is that there is no chance of such a transformation of attitudes that incumbents will be sure of victory throughout the western democracies. Even if Mr. Carter wins next week—and who now would wish to risk much money on any candidate?—all this will mean is that incumbency still confers a useful advantage. It will help to confirm the other evidence that those in office can retain a good electoral chance even when the economic going is rough.

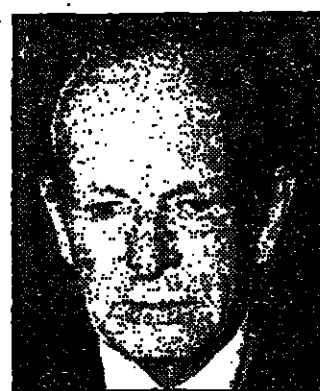
Equally, it is a fallacy to assume that all main parties must have a turn in office for a country to earn its democratic credentials. It is true that a party is more likely to form a responsible opposition if its leading members have personal experience of the burdens of government—but that does not follow automatically, as Labour is in the process of demonstrating in this country at the moment. Conversely, it is unhealthy if one party remains in office so long that it and others take its power for granted.

What matters, though, is not that sitting governments should regularly be turned out, but that they should remain continuously aware of the possibility. It is the arrogance of power that corrodes a democracy, not the frequent exchange of power that justifies it. So it follows that the quality of democracy depends as much upon what happens between elections as upon election results themselves. The right to choose every few years which of competing groups is the least disapproved to govern the country for the next term is essential to democracy. But it is not enough. Government also needs to be responsive to the people while it governs.

There are two ways of securing the balance of power between the executive and the legislature. One is by direct democracy: in other words, by frequent use of the referendum. This is the custom in some western countries, and a custom beginning to develop in Britain that it is appropriate for dealing with constitutional issues of great importance. There would be much resistance to using the referendum for anything more than that because direct democracy on policy questions means that decisions of great complexity are given to a mass electorate that cannot possibly have mastered the subtleties.

Why 'One Nation' is still worth reading

Thirty years ago, the General Election of 1950 did not quite usher in the first post-war Conservative Government, that had to wait another year, but it did inject a legendary new element into the ranks of Conservative MPs. This tranche of Tory talent was dominated by a number of young men in their thirties, who were to play the most significant part in the fortunes of the Conservative Party for a generation.



Thirty years ago saw the arrival of a new intake of Tory MPs whose influence was to be far-reaching. Three of them are pictured above: Mr Edward Heath, Mr Angus Maude and Mr Enoch Powell

Like all new MPs, these and others talked in groups. Talk that must have been all the more exciting with the constant chance of attacking a living Government, with the scent of another General Election and the defeat of the Socialists in the air: it is probably always easier to be a new backbencher in opposition. Again, like new MPs before and since, some of them formed a dining club, the better to provide the ambience in which to discuss the new dawn. Such dining clubs are often ephemeral and they are always regarded with some disquiet by the party whips.

Some of the 1950 intake dined together, later on taking as their formal collective title "One Nation". Disraeli's enduring concept. That club had a life of its own, unlike many others, and very quickly. Over the summer of 1950 these six young luminaries together with Mr Richard Fort, Mr Gilbert Long-

den and Mr John Rodgers produced what was to be a most influential little book of 95 pages. Its title, chosen a week before going to press, was *One Nation*: it was popular and quickly reprinted. Their focus of concern was social policy, and how to establish a genuinely conservative view of it as the wartime consensus on these issues which had produced universal secondary education and eventually our National Health and Social Security Systems came increasingly under scrutiny.

In those austere times they spent out a consensus on society towards society in these words: "We have a generations work ahead... Socialists pay lip service to the need for priorities: in practice they have lacked both courage to enforce them and the administrative ability to manage the Services work. Just as there must be priorities within each Social Service, so there must be priorities between the Services. We believe that Housing is the first of the Social Services and Education is the second. Our economic position and the greatly increased expenditure on defence make it more—not less—necessary to scrutinize the Social Services, and to root out inefficiency and waste: more not less necessary to see that every penny is wisely spent, and that those in the greatest need are helped first."

These words have a clear and contemporary ring to them. I do not know exactly who wrote them, for *One Nation* was written collectively. With its 13 short chapters ranging over everything from "Population Policy" to "A Social Policy for the Countryside" the latter irreverently entitled in its first draft "More Morris Dancing and Higher Rates". It was a cooperative work. Yet, it suffers from remarkably few of the faults usually associated with the genre. This is a tribute to those two MPs who we do know edited it: Mr John Rodgers wrote the first chapter, Mr Angus Maude, that sharper of editorial drafters and pruners. It even got a sort of party imprimatur, in the shape of a short and characteristic foreword by Mr R. A. Butler, who wrote "I recommend this book as a healthy piece of constructive work."

That it was so well received is not surprising, considering the joint authors, some of whom had cut their political teeth in that nursery of Conservative ideas, the Research Department under the Chairmanship of R. A. Butler. *The Times* described it as "important" and a "coherently argued elucidation". Reading *One Nation* 30 years after, it seems exceedingly fresh to me. This is not just because of the way in which it is written. While a few of the problems exercising its authors have been, if not solved, at least ameliorated, most have a familiar ring today.

It is essentially a practical, policy-formulating book. Yet it is not a dry treatise, its pages to that which was then, and remains today, what one of its joint-editors, Mr Angus Maude, called 30 October, later at the 1980 Party Conference "Our temporarily divided Society". That preoccupation was no more a "wet" preoccupation in 1950 than it is now. At no time in their careers could Mr Maude or Mr Powell or Mr Macleod be described as wet in either the old-fashioned or the new fangled media-sprach sense. Indeed Mr Maude was, until Mrs Margaret Thatcher became Leader of the Party, perhaps the only Tory since the war who could easily persuade his listeners that our Party was capable of passion, and actually believed in something.

A few of the contents of *One Nation* seem rather strange or even redundant today. It is pretty un-Tory these days for example, to be concerned with population policy—a deliberate effort to influence the size and quality of the population—advocated in Chapter Three. The burning need to renew out-dated houses, and to build hundreds of thousands of new ones, which is advocated in Chapter Four must have been a direct reflection of the current then running through the Party in favour of a housing crusade. Rarely can any policy advocated by the Conservative Party, as this was by the then Mr Harold Macmillan at the 1950 Blackpool meeting, have been accepted by the leadership so easily.

That demand, in the tradition of crowd-demonstrating for more drastic measures, was not to be speedily realized. In Mr Macmillan's epoch-making 300,000 houses a year in the early 1950s. Today there are more houses than households, and the problems are very different, being those of encouraging mobility, improvement and conservation.



Guy Fawkes might need by firelight

What it costs to remember

Next Wednesday, whether celebrating the detection of Guy Fawkes, honouring the late surnames of some ancient pagan festival, or simply making the party go with bang, tens of thousands of people across Britain will light the blue touch paper, stand back, and watch £24m or thereabouts go to blazes.

Recession or no, the fireworks manufacturers are already reporting a sell-out to the wholesale and retail trade. They estimate that 100 million fireworks will go up in smoke by November 5, with millions of people enjoying the perils and pleasures of bonfire night. Pleasures there certainly are, and the British seem peculiarly attached to them. For more than a century, from 1855, fireworks manufacture was made illegal in Britain. But the love of the whizz, the bang and the coloured lights meant that illegal manufacture of fireworks continued with alarmingly explosive results until the things had to be legalized, though strictly controlled. It is this fear of illegal manufacture that is one of the manufacturers' commonest arguments against those who think more can be done to limit the perils of Guy Fawkes night.



John Patten, Conservative MP

The secrets of Palmyra, past and present

Palmyra, North of Damascus the road to Palmyra passes through a flat landscape of dusty rock-strewn scrubland, relieved only by the clump of ancient date palms driven against the back of the ground of smoke belching from the long thin chimneys of a distant cement factory.

Palmyra itself is a welcome oasis in this barren setting, miraculously rising from the clump of ancient date palms. But Palmyra is not as peaceful nor idyllic as it looks. This summer it joined Aleppo and Latakia in the catalogue of political violence in Syria after the rising in the prison, which has long been used to house political prisoners.

It now holds members of the outlawed Muslim Brotherhood, and when they tried to break out in June, reports say, the reprisals which followed were savage. Some say 400 died. Others say the figure is inflated, others still that it is an under-estimate. The Government says it never happened, or that if it did only a handful perished.

In a way Palmyra is a fitting setting for legend and rumour. On the edge of the town stand the magnificent Roman ruins for which Palmyra is justly famous. Seen in the twilight, with the dust rising in a haze against the setting sun and stray dogs prowling among the fallen pillars, the great arches and temples look insubstantial, almost unreal. They are all there, left of the city the Romans built when they conquered Syria in 64 BC.

The Romans have been overshadowed in folk memory by Arab woman: Zenobia, Queen of the East, who rose against the occupiers and got as far as Egypt and Asia Minor with her troops before being driven back to Palmyra. She was captured by the Emperor Aurelian in 272 AD and taken to Rome, where she ended her days in the Tivoli Palace.

Her name is commemorated by Palmyra's main hotel. It stands, a one-storey building looking rather like a misplaced Spanish ranch house, right among the ruins themselves. Here too an air of mystery hangs about the cool, stone-flagged rooms. The Hotel Zenobia, in fact, has a history of which the Arab queen would have been proud. Its first owner was another remarkable woman, the Comtesse de Dondourain, from Lyons. In Cairo, where she began her Middle East career, the Comtesse was secretary to T. E. Lawrence and made herself

indispensable—not to say rich—by working as a double spy for the British authorities and the Arab nationalists. She bought the Hotel Zenobia, built by the French in 1918, and went on to make a fortune spying both for the French mandate and for the nationalist revolutionaries, who held what they imagined to be secret meetings in the hotel.

It would be pleasant to relate that the Comtesse lived on in Palmyra till a ripe old age and that it is her spirit which lingers in the Hotel Zenobia. In fact she left Syria when the Spanish Civil War broke out and bought a villa on the French-Spanish border, entertaining officers from both the Franco and Republican forces. When the Germans entered Paris the Comtesse was there, and her house became a club

"Art Nouveau?" I asked. "Audemars Piguet," she returned, smiling.

Graceful arabesques of gold embraced the flawless face. The miraculously thin case was edged in gold tracery.

She took the watch from my hand and put it on, and the finely decorated bracelet encircling her slender wrist as lightly as a silk ribbon.

There was, perhaps, an echo of the romantic movement in its design, but its slim shape was strictly 1980's.

In all, another timeless classic by Audemars Piguet.

"And you wear it," I teased, "merely to tell the time?"

She arched her eyebrows.

"Just as you use the Lalique 'rose', she countered, "merely to hold flowers."

Audemars Piguet

Illustrated brochure and a list of appointed jewellers is available from Audemars Piguet, 72 Saffron Hill, London EC3N 8RS.

MOSCOW DIARY

Tourists to the Soviet Union tend to have an enjoyable time but go home with an indefinable sense of dissatisfaction. They feel somehow they have been fooled, that they have seen only the surface of things, that they are misinformed or simply naive? Were all the things they read back home exaggerations, cold-war myths? Or was the guide a little too smooth-talking, too pat with her answers?

There is no helpful reply. Even those who have lived in the Soviet Union for almost a generation never really understand this country. It is aptly symbolized by those painted wooden dolls you find in any souvenir shop: you open one and there is another inside. Inside that there is a smaller one, and then another and another. When you are confident you know how Russians think and react, that is the time to beware, for you can be mightily deceived.

So tourist impressions are not altogether false. What you find impressive may not be what you expect, but it is not necessarily just a charade set up by the tourist to empty your pockets of hard currency while filling you with friendly sentiments.

Still, there are certain things that immediately strike visitors. I have just received a letter from an observant tourist who came here with his family in August.

They noticed "the crabbiness of the apartment blocks, the streets and even the people (all very reminiscent of our own post-war period): gross consumer insensitivity everywhere; a colossal difference between the principal cities and the villages, where mud, wells and shacks appear to be the dominant features; the assumption by the party of complete wisdom without ever needing to listen or to learn—eg the images of Lenin are always of him telling, decreeing or instructing, never listening."

But on the other hand they found public transport remarkably cheap and frequent, the public places refreshingly free of graffiti, vandalism, litter and hooligans. Public entertainment—the circus, folk concerts and the ballet—was excellent.

The only really phoney thing we found was the factory visit, which was one big lie.

As with most tourists, they spent some time wondering whether they were followed. It is a natural worry—the image of the Soviet Union as a country of street-corner informers, KGB agents and suspicious officials is deeply ingrained in the West, and with good reason.

But as the Russians themselves candidly point out, it is impossible to follow every tourist. It is also unnecessary. There is little first-time visitor speaking no Russian could go on his own—apart from selling his jeans. The paranoia and xenophobia that characterized Stalin's rule have given way to more sophistication and maturity even within the KGB. Those who seem likely to cause trouble will be kept under discreet observation. And almost anyone who comes here with the

intention of contacting dissidents is known to the authorities before he sets foot in the country.

Almost every tourist itinerary includes a museum. The ever present memories of the Second World War—the great patriotic war as it is known here—are inescapable. The bloodiest conflict the Russian people have ever known, costing 20 million lives, is burned into the memories of every Russian village. And until only a few years ago the radio-run contact programmes for people looking for long-lost relatives.

War films are on television every week, and the sufferings and heroism are commemorated in enormous and impressive monuments, such as the towering figure of Deshchagin at Volgograd, formerly Stalingrad, or the ruined fortress at Brest that held out for a month when the Germans were already well on the way to Moscow.

Villages, burnt down with their inhabitants, have been symbolically recreated as memorials. The eternal flame burns in every town, sometimes guarded by children in their pioneer uniforms, and it has become customary for newlyweds to lay their wedding flowers there and have photographs taken.

Of course, genuine emotions, faithfully passed on to the younger generation, have been exploited so that patriotism can be identified with the party and the regime. And Russians see the conflict almost exclusively as "the war". In Murmansk there is barely a

"Somehow I don't see any one starting the Friends of The Star."

and white banners proclaiming "forward to communism" "glory to the Communist Party of the Soviet Union". "We shall fulfil the decisions of the 26th Party Congress with untiring work."

Slogans have become so ritualistic, as have the November and May Day Parades in Red Square, that Russians pay little attention and are almost embarrassed if you quiz them about the significance.

It is the same story in museums and monuments that fill the tourist timetable. These are always, thronged with people of all ages admiring their heritage. But it is the revolutionary era that enraptures the galleries devoted to socialist realism or the shrines to worthy revolutionaries are almost deserted. The appetite for propaganda has sickened and died. Only tourists now buy folders of old propaganda posters to stick up on their walls back home.

Perhaps the biggest surprise is how large, varied, and disciplined the country seems to be. The map indicates its size, but it is still surprising to find you can fly east from Moscow for 10 hours on a four-engine jet, arrive eight time zones ahead, and still be in the same country.

And one unfortunate effect of the West referring always to "Russia" rather than the Soviet Union is that people for whom the Afghans, Georgians, Estonians, Latvians and Uzbeks

with their own languages, cultures, traditions, religious outlooks are by no means the same as the Russians, is 15 different countries together.

The outward trappings of the same—the railways whose cars constantly crisscross the wires, the police in the uniforms to Lenin's obligatory puppet theatre, these two towns are as different as Edinburgh and Tunis far apart.

And while the West image of people reorganized, cowed and full, tourists complain in the chaos, lackadaisical drunkenness and general regard of a thousand regulations. This may be big if you are trying things into a tight fit. But it is fruitless to go far better to laugh at some of the local fatalistic tourists go home with tales of restaurant praise for the waiters and their in English, and an intense in a way of life that, at westerners' unfathomable most important observation: the Russians are human. Newspapers you look for as monolithic the ideological conflict the "Soviet threat" have a chance to see a—If only superficial warm-hearted, ancient and cultured people.

Michael

battle



MEDITERRANEAN ROYAL TOUR

It may be imagined without disloyalty that the royal right of relief on getting home yesterday from the latest round of state visits was even more heart-felt than they must usually be at such moments. For once, not even the contrast between Mediterranean sunshine and English weather can have dampened the pleasure of homecoming on such a rare autumn day. The tour has been a successful one, but it has not been smooth. It is not necessary to overstate the share played in this by the unpredictable impetuosity of King Hassan's hospitality. The first state visit paid by a British Sovereign to the Holy See, the state visit to Italy, while it was without a government, the visit to Sicily, where three local citizens chosen to meet the royal party had recently been murdered, and the state visit to Algeria less than a month after the violent earthquake there, would by themselves have posed exceptional problems of diplomacy, tact and nerve.

The visit to the Vatican was not the Queen's first. She was received by Pius XII while on holiday in Italy in 1951, before her accession, and she made an official visit to John XXIII in 1961. The age-old hostility arising from the breach made in 1534, albeit long ago, and such residual suspicions as remain are not of a kind that can be dissipated by the exchange of

formal courtesies between heads of state. Nevertheless, the event touches deep sentiments about faith and national identity. Though formally an encounter between mutually acknowledged equals, in the temporal sphere, the meeting must also be seen in the context of the spirit of reconciliation which now prevails in the Christian churches.

Most royal visits within western Europe and the Commonwealth have gained the character by now of courtesy calls to keep established relationships in repair. Even if the territory visited is new, the interest and good will already exist. The visits which venture on to unfamiliar ground, like those in recent years to Yugoslavia, South America and Arabia, may not be more significant in the long run, but they are apt to be more unpredictable, and tend to carry a greater weight of influence on the immediate relations between the nations concerned.

The countries of the Maghreb were in some ways even more of an untried venture than Saudi Arabia, where diplomatic and trading links with Britain are well-established and relatively stable. The implications of the visits to the former French colonies, Algeria, Tunisia and Morocco (Libya being a significant omission), were more complex. Morocco's costly and opportunistic attempt to annex

the Western Sahara means that it and Algeria exist in a state of undeclared war: the Queen's flight between the two capitals, where no scheduled flights run, was an event of some symbolic importance between those nations themselves, Britain quite apart. It must be hoped that the visit may have effects of reconciliation to excuse the things she had to say to King Hassan about his deserving "the sympathy and support of us all" in his "formidable difficulties".

No Sovereign is on oath while making speeches on a state visit. Reports of disorganized arrangements in Morocco suggest that there was more than a little royal tact behind statements that the Queen was "perfectly content" with her reception. The Palace prepared for the possibility the schedule might run less smoothly in Morocco than it usually does elsewhere. Tact and patience ensured that the tour was successfully accomplished. The value of such visits is never to be counted only in diplomatic and trading contexts: the wider goodwill that they can create is at least as important. Once again, the Queen's popular reception on this tour, not only in Italy—that might have been expected—but also in countries whose ties with Britain are tenuous, shows the remarkable appeal that she possesses, through her personality as much as through her office.

CONFUSION IN THE ARAB RANKS

Disputes among Arab states are nothing new. Even their common view of Israel never prevented quarrels. Now the war between Iran and Iraq has put greater strains than ever on that left of Arab brotherhood. Iraqis believe their cause is an Arab cause and that other Arab nations should back them. Jordan and some others agree but most Arabs are ambivalent and some openly hostile to Iraq. Syria is particularly hostile. Old rivalries between factions of the Baath party have now been exacerbated by the war. President Assad of Syria professes to find President Saddam Hussein's ambition to lead the Arab world alternately amusing and dangerous. The two leaders are not on speaking terms, and President Hussein is officially described in Damascus as a "fascist".

Behind the war of words is a conflict of loyalties between the Arab cause and pan-Islamic nationalism. Colonel Gaddafi of Libya brought this into the open with his attack on King Khalid of Saudi Arabia, who has since broken off diplomatic relations.

Colonel Gaddafi said that the holy Muslim places of Mecca and Medina were "under American occupation"—a reference to recent American aid—and called for a holy war to liberate them. King Khalid responded by accusing Colonel Gaddafi of being a "spearhead against Islam together with Israel".

To complicate matters further, there are increasing differences within Islam itself between the Shia and Sunni branches. One of Iraq's motives for going to war with Iran was a fear that the Iranian revolution might inspire Iraq's own Shia Muslims, who form more than half the population, to try to reverse the humiliation of centuries by throwing off their traditional role as underdog. The fear was particularly strong around the Gulf, where Shia Muslims make up two-thirds of the population.

Responsible Arab leaders, including King Husain of Jordan, want regional states to solve regional problems themselves and keep the superpowers out. This is a worthy aim, but it is

not likely to be achieved while Arab heads of state are not on speaking terms. Jordan's attempt to bring together an Arab summit on November 25 is still far from success. A preparatory meeting in Amman has just broken up after less than twenty-four hours. The fact that the war was kept off the agenda at Syria's insistence was said to have hastened agreement, but the idea of a summit without discussion of the war seems somewhat pointless. On the other hand there is no sign of their agreeing to come together to discuss it.

The West can take no comfort from this disarray. Perhaps it will gain the Americans better access to the Gulf. Perhaps Saudi Arabia will now become more inclined to grant the Americans a military presence of some kind. But the Soviet Union has also strengthened its position by signing a treaty of friendship with Syria, which gives it, among other things, naval facilities at the Syrian port of Latakia. The danger of two superpowers being drawn into confrontation in a far-east Arab world is therefore increased.

NO REPRIEVE FOR BADGERS

Objections to the gassing of badgers as a means of preventing, or at least curtailing, the spread of bovine tuberculosis in cattle are based rather more on notion than on scientific evidence. Badgers are most attractive and appealing creatures, and television has seen to it that lions who have never seen the elusive animals in real life have been entertained by their des under an infra-red night-vision. No-one who has admired the wisdom of Badger in *The Wind in the Willows* can contemplate even the partial extermination of his brethren with any other than dismay. Moreover, badgers do very little visible harm—eating young shoots is a limit of their destructive powers—and they occasionally reform the useful function of ingesting insects, young mice and vermin.

Unfortunately for their winners, a significant proportion of the badger population,

perhaps as much as one in five in the South West of England, harbours tuberculosis. The main task of Lord Zuckerman, as a result of whose report the Minister of Agriculture has now taken the decision to resume the gassing of sets, was to investigate the link between tubercular badgers and the spread of the disease among cattle.

His unambiguous conclusion accuses the badger of being a significant reservoir of bovine tuberculosis. There is evidence that since the last programme of gassing was abandoned a year ago, the disease has spread, particularly in areas with a high density of both badgers and cattle, mainly the South West. Moreover, transmission of the disease occurred not only between badgers and cattle, but between different groups of badgers. Indeed, tuberculosis is now a considerable threat to the badger's own survival, quite apart from the danger to cattle.

There can be no fear that culling to the degree envisaged will threaten the species with potential extinction. The present badger population of the United Kingdom is certainly well over 100,000 and may be as much as half a million. It is perhaps showing a tendency to decline, because of the encroachment on the countryside by urban environments to which badgers have not been able to adapt, but protection measures, and the peculiarly conducive conditions they have found for themselves in some parts of the country, have limited that trend. But the numbers which would be involved in any gassing operation would not have any dramatic effect on the population. Death by tuberculosis would be a far greater horror for the badgers and a far greater hazard to their continuing survival.

The cost of flying

From Mr A. J. Lucking

Sir, In 1977 the Civil Aviation Authority reported on why European air fares cost so much. Its answer was that for three of the six sample routes it examined, the airlines were charging the "normal economy" passenger nearly twice as much as it cost to carry him. On the other hand, heavy losses were incurred on providing first-class services, and also on the "tour busing" fares, which had been evolved to compete with charter flights.

Further, passengers from outside Europe who travel between the Continent's cities yield far less cash than local travellers. None of this could occur if proper price competition was permitted.

Mr Helgestrand, Denmark's "Laker", testified during the 1977 inquiry that his Sterling Airways could make profits on the London-Copenhagen route at half the International Air Transport Association's "normal economy" fare. Now he says he can manage with a third of that amount, so the situation seems to be getting worse rather than better.

A policy of evolution is inappropriate and unacceptable whilst such blatant injustices persist. Each passenger should pay a price closely linked to the cost of carrying him, more and no less. Price competition is nature's way of making sure this happens.

Yours faithfully,
A. J. LUCKING,
17 Broad Court,
Bow Street, WC2,
October 28.

The Romans in Britain

From Professor W. S. Allen, FBA

Sir, The etymology of the Latin *obscenus* is unknown and much disputed, so that dogmatic assertions are out of place. But in the present context there is at least an ironic appropriateness in the explanation given by the grammarian Varro, himself amongst other things a distinguished Roman soldier, rather than Caesar, and the author of various lost works on the theatre. In his work *De Lingua Latina* (vii. 96), like Mr Shackleton (October 27), he connects the word with *scena* "stage", but with the opposite interpretation: *obscenus* means, he says, because they should not be publicly mentioned except on the stage.

Yours faithfully,
W. S. ALLEN,
Trinity College, Cambridge.

ak on defence cuts

From Vice-Admiral Sir Ian McGeeoch

An officer in the Armed Forces loses a classified document, let alone one to an unauthorised person, risks trial by court martial, race and termination of his life.

According to David Wood (October 27), an exception should be provided the document is sufficiently embarrassing to the name of the day, and particularly if the "leaker" should happen to be "somebody in exalted position". In proclaiming such action "patriotic", Mr Wood encourages revelations that might, in fact, welcome to the present government, showing how the level of military capability and readiness could be achieved with less outlay than budgeted for.

Each source would be the of the role, organization and nature of the Royal Dockyards in a United Kingdom, which was completed by April 1 year. No doubt it would indicate in which the efficiency of 10,000 civilians in the defence might be brought up at of the 255,000 members of Armed Forces, acknowledged the finest in Europe—in con- to our industries, not only dockyards, but the manu- of arms and equipment on 41 per cent of the defence is spent.

re our performance is acknowledged to be lamentable, and cope for improvement correspondingly great. Managers cannot be responsible, but nor they counter politically motivated industrial friction arising the obvious no doubt and in some quarters—that mili-

Effects of public spending cuts

From Professor Sir Bryan Hopkin and Professor Wynne Godley

Sir, As the economy moves into ever deepening recession the Government is proposing to make further large cuts in public expenditure. Such cuts are not merely unnecessary; they will make the present very serious prospect even worse. The three arguments by which the Government may be motivated all seem to us wrong.

1. More fiscal deflation (it may be said) is necessary so that interest rates can be lowered, to the benefit of industry which has so far had to shoulder the main burden of the fight against inflation. But in reality British industry will not obtain a net benefit from further cuts in public spending. Such cuts will further reduce demand and output and if they enable monetary targets to be met this will largely be because industry, in extreme depression, will not wish or need to borrow so much from the bank, even at lower rates of interest. There are no grounds for supposing that cuts in public expenditure will bring the exchange rate down, indeed it seems more likely that such action will cause the exchange rate to appreciate.

2. Cuts must be made because of a prospective rise in public borrowing which is inconsistent with the published medium term financial plan. But the rise in public borrowing is a direct consequence of the cuts which is due to tax and other receipts and increasing spending, particularly on unemployment benefit. A determination to reduce the budget deficit defined as the crude difference between public spending and receipts is therefore tantamount to a determination to force depression which are already very strong; it is to remove the economy's "automatic stabilizers".

3. With output so low we cannot

LETTERS TO THE EDITOR

Amending Canada's constitution

From Mr Jonathan Aitken, MP for Thanet East (Conservative)

Sir, As a British Member of Parliament and a Canadian descendant, I have been following the controversy over the proposed amending of the Constitution of Canada with mounting incredulity.

The present scenario suggests that within the next three months the Westminster Parliament will be asked by the Federal Government of Canada to enact what is in effect the framework for a new Canadian Constitution.

British MPs will rub their eyes with astonishment when they read the 59 clauses of the proposed Constitutional Bill, which Mr Trudeau intends to lay before Westminster. This goes far beyond a mere "patriation" of the British North America Act 1867. It is substantive new legislation, not only redefining the potential relationships between the federal and provincial governments in a manner inimical to most of the latter, but also creating a new Bill of Rights for Canada, some of the 30 clauses in this part of the legislation impinge on highly sensitive areas, such as minority language rights, where there is strong disagreement particularly in Quebec. To add to the complexity, the Federal Opposition has argued that by bringing down the closure after only 25 hours of debate, the Government has denied even the Ottawa Parliament the right to give adequate scrutiny to these crucial reforms.

Having created this minefield of foreign constitutional controversy, Prime Minister Trudeau now wants British MPs to walk silently into the division lobbies in support of it. Some provincial leaders, on the other hand, hope that the Westminster Parliament will do the mantle of a reactivated colonial empire and adjudicate on every difficult point. Already intense lobbying is going on behind the scenes to achieve just this result.

One Agent General representing a Canadian province in London told me yesterday that he had recruited

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CND marches back

From the General Secretary of the Campaign for Nuclear Disarmament

Sir, Your editorial "CND marches back" (October 28), welcome acknowledgment of public concern as it is, necessarily implies one more contrast between unilateral disarmament activity and multilateral negotiation. The division is a false and dangerous one. Both multilateral negotiations and unilateral action, the latter varying according to the military circumstances of each country, are recognised in the Final Document of the United Nations Special Session on Disarmament of 1978 and both are clearly complementary.

It would be a tragedy if the disarmament movements, and CND is only one of them, allowed themselves to be deflected from their purposes by either the ratification of SALT 2 or by a theatre nuclear weapon agreement though such possibilities, welcome in themselves, must appear remote at the moment. Indeed it will not have escaped notice that we, probably the most likely first victims of a nuclear war, are actually party to neither set of negotiations.

The target is not arms control, but genuine world disarmament. Yet instead we hear from our Government silly phrases about negotiating from strength which are both meaningless in a world of massive superpower overkill and a perfect formula for an arms race without rational end.

The demonstration on October 26, so enthusiastically supported and part of the week of action called for by the United Nations, shows at least that many ordinary people in this country, if not their leaders, understand the 1978 UN warning.

Costs of litigation

From Mr A. R. Hodder

Sir, I have just completed on behalf of a client a very simple County Court action the financial outcome of which is instructive.

The action concerned a claim for possession of a small flat in the London area. The reason for the tenant's failure to pay arrears of rent amounting to £175. Five days before the date fixed for the hearing of the action the defendant paid all these arrears but paid nothing in respect of costs. At the hearing, although the judge made an order for costs against the defendant, he declined to impose any sanction in respect of the non-payment of those costs in accordance with his order.

The costs which the defendant was ordered to pay were allowed by the court at the sum of £89.73 and it has been necessary to make three appearances at court in relation to the enforcement of the order in relation to the attendance at the original hearing and upon the taxation of our bill of costs. Payment of the costs was eventually made as a result of a garnishee summons issued against the defendant's bank. Court fees totalling

The case of Lady Barnett

From Professor Robert Bluglass

Sir, Your correspondent Mr J. J. Smyth, QC (October 27), has added a note of realism to the comments which have been made following the sad case of Lady Barnett. May I add some further observations as a psychiatrist who has a special interest in such problems?

Although some stores have a policy of referring all suspected shoplifters to the police, many others deal with the elderly, some children, and the obviously mentally ill with remarkable sympathy. In a study of 382 apprehended shoplifters by my colleague, the late Mrs Norah Wilkins, only 45.6 per cent were charged with an offence.

In addition, police frequently use their discretion in deciding whether or not to pursue a complaint further. Ultimately, it is found that only a minority of those convicted (some five or six per cent) have significant psychiatric disorder sufficient either to affect their criminal responsibility or lead to

Stuart graves in Europe

From Mr T. M. H. Scott

Sir, The generosity of H M the Queen Mother towards the Stuart graves in St Peter's, referred to rather coyly by Mr Ian Munro (October 25), maintained an even more continuous tradition than he described.

George IV in 1824 had a monument erected to the Scotch James II in the parish church of St Germain-en-Laye, near Paris, where he died. Queen Victoria subsequently paid for the decoration of the adjacent chapel.

Yours faithfully,
T. M. H. SCOTT
236 Banstead Road,
Banstead,
Surrey.

Martyrs in Africa

From Bishop Norman Sargant

Sir, The story of the martyrdom of Bishop Hannington in your religious article (October 25) has a happy sequel. When at length Mwangi fell to the hands of the British, he was canonised in the Scotchless. Before he died in 1903 he had been baptised and was truly penitent. A story is told of how Henry Wright Duta, the leading Buganda clergyman, preaching in the cathedral after the news of Mwangi's death had reached him, pictured in his sermon Mwangi's arrival in heaven and Bishop Hannington meeting him with the usual salutation of the clergy: "How do you do, my friend?"

Easing the way to death

From Dr Richard Lamerton

Sir, Once again one is obliged to turn aside from caring for patients to take time to defend their lives from the plans of the euthanasia lobby.

If someone is begging for euthanasia, it is a cry for help. It is a daily experience in our hospice work to see patients who are miserable and begging to die. But our response is not to kill them. We ask why they want euthanasia, and tackle the causes.

For two television programmes on the subject, we had no difficulty finding groups of dying patients who testified that once they received proper care, they no longer wanted euthanasia.

What is this proper care? It means returning companionship for loneliness, relieving pain and other distressing symptoms, listening to the depressed and sharing their burden.

It is possible to care for people who are dying, disabled or elderly, that they are no longer driven to ask for euthanasia. A person is not making a free and rational decision if he is constrained by torment, is he?

Yours sincerely,
RICHARD LAMERTON,
The Macmillan Service,
St Joseph's Hospice,
Mare Street,
Hackney, E8,
October 28.

Quiet, please

From Mrs Charles Nunneley

Sir, In London, a hundred years ago, there used to be spread outside a house where people were sick or dying, a thick layer of straw. This served two purposes. Firstly, it dulled the sound of carriage wheels and horses' hooves on the cobbled streets, and secondly it reminded passers-by of a need to be quiet as they went past.

Having just spent a week in an exceedingly noisy London hospital, I am aware that traffic noises are now impossible to check, but how about some kind of mute appeal, as was the Victorian straw, to the better nature of the casual pedestrian? Every evening, outside hospital windows, someone revs a motor-bike, or emerges, a cheery little boozier, from a near-by pub, indulges in loud and protracted good-nights on neighbouring doorsteps.

Why couldn't hospitals paint the kerb outside their premises in some bright colour—blue or orange or red, whichever would show up best at night—in order to remind people that it would be nice to keep this a quiet place? Of course it wouldn't work as a check on everyone but might it not be worth trying to

Job training schemes

From Mr Peter Elfer

Sir, 150,000 youngsters to get job training? (The Times, October 27). Training for what jobs? Many of those who are being made redundant now are unskilled or untrained, and none of the newly trained young to take?

With current policies, training will only produce trained unemployed youngsters instead of untrained ones. With these policies it would be more honest if the training were for unemployment than non-existent jobs.

What is needed more than training is jobs—150,000 jobs.

Yours faithfully,
PETER ELFER,
23 Hastings Road,
Croydon, Surrey.

Heart-warming

From Lieutenant-Colonel J. F. W. Wilby

Sir, We remember that your correspondent in the Crimean Peninsula was kind enough to supply all members of our Regiment (the 39th of Foot) with winter underwear at a time of crisis during that campaign.

It has been brought to my notice that it is now you that faces crisis and are concerned that winter might catch you unprotected. Please inform us if we can be of assistance.

Yours faithfully,
J. F. W. WILBY,
Commanding 1st Bn The Devonshire and Dorset Regiment (The Majestic), 11th, 39th and 54th of Foot, Roman Barracks, Colchester, Essex.

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T. M. H. SCOTT
236 Banstead Road,
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BY THE FINANCIAL EDITOR

Coats Paton waits on sterling

Coats Paton's strength overseas where it makes most of its profits is proving a mixed blessing. For while it escapes much of the vicious domestic recession in textiles, overseas earnings are steadily eroded by the strengthening pound. Ignoring the inevitable depreciation of soft currencies, exchange movements clipped £3m from half year trading profits which would otherwise have risen slightly, but in the event fell 2.4m to £30.2m. After interest charges up 1/2 p to £6.6m, pretax profits were down from £31.0m to £23.7m.

Trading in the United Kingdom has been predictably tough. The hand knitting operations are undergoing surgery and altogether 3,000 of the home workforce will have gone by the year end. But much more important in profit terms, both continental Europe and North America have maintained volumes and managed to push prices up while Latin America has had a 'reasonable' half.

Coats Paton expects no further increase in interest charges in the second half and similar trading pattern to the first half is likely.

In addition there will be a bumper crop of property disposal profits in the depressed United Kingdom—perhaps as much

following bankers' criticisms still seem likely to penalize wholesale deposits. At the very least all this activity on the retail front is beginning to wake up the clearing banks who have been introducing new savings accounts as if there was no tomorrow, to secure a larger share of deposits in this country.

J. Hepworth Ahead of the game

The opening of the menswear retailing results season got off to a shaky start with the rationalization of the John Collier and Alexandre shops owned by United Drapery Stores and the suspicion that J. Hepworth's figures, showing a 13 per cent fall in profits for the year, may be the best of the bunch after various rumours about Burton's showing when it produces figures in three weeks.

While UDS decided to close 75 shops to bring its retail outlets closer into line with its manufacturing capacity which now operates from a single factory, Hepworth embarked on and completed that rationalization a year ago. But despite this foresight of a colder trading climate the group was not immune to the second-half setbacks which will dog the rest of the trade. Pretax profits fell from £6.6m to £5.7m while turnover rose by 20 per cent to £62m in the year to August.

But the real damage came in the last six months when there was no help from a VAT spending boom or the tax rebates that boosted last year. Profits slipped by more than 20 per cent in that period and the £391,000 contribution from W and A E. Turner, the footwear acquisition which came in for four months, was also disappointing, considering that its £9m purchase helped to push up Hepworth's interest charge by £1m to £1.5m.

With prospects for the current year so far looking no more hopeful, the market's reaction which added 3p to the share price at 99p shows a definite belief that British Land will cease to regard its near 5 per cent stake as a pure investment particularly in the light of its canny timing over Dorothy Perkins and Hepworth's high street revaluation puts Hepworth net asset value at 160p so there are probably cheaper property buys in the retail sector.



William Henry, chairman of Coats Paton.

10m compared with £3.3m in 1979. So year's profit should be close to 1979's 5m. Including property sales, the fully-taxed ratio is about 7.6 and the yield on a retained dividend is 10 per cent at 56p. Its relatively stable thread business strong balance sheet Coats is a sound bet for those prepared to wait patiently for the upturn in the cycle. But sterling is the joker in the pack and any big movement either way would have an immediate impact on Coats's profits.

Financial services in season for foreigners

A week now seems to pass without an overseas financial institution thinking the British market is paved with gold. So far it has been the big United banks, with their long experience in sale banking here, that have been in the vanguard. But yesterday two European decided to join in the game, linking the huge Swedish insurance group to provide mortgages to United Kingdom borrowers, surely becoming one of the most courted groups in this country. And, which is presumably also looking for insurance pickings from granting mortgage mortgages, will retain 60 per cent of the new company with 25 per cent held by Banque de Paris and des Pays-Bas the rest owned by Scandinavian bank in the London-based consortium bank by the major Scandinavian banks.

The clearing banks already nibbling at the upper end of the mortgage business a number of United States and banks muscling in in the middle not to mention the Trustee Savings now eagerly trying to extend its operations, the real question so far as Skandinaviska is whether it will be able to borrow for the £100m it plans over the next five years.

It happened during the last spate of a proliferation of overseas financial institutions trying to get a share of the money well lead to a saturated market, ready Security Pacific for example here is no doubt that retail banking is very attractive at the current interest rates while there are antiques of a retail base for United Kingdom and other foreign banks arising from England's thoughts on liquidity though they are now being modified

William Press Shortage of business

William Press is clearly heading for another sticky year. The interim pretax profits of £3.2m are about £1.5m below those for last year, though they are a noticeable improvement on the second half of 1979. While the diverse nature of the company's contracting business makes forecasts difficult, it seems unlikely that the company will do better than match 1979's £6.63m.

The main current problem is the dearth of short term contracting, but about which the company warned six months ago and which shows no sign of abating. The tightness of the business can be seen from the fact that while profits were down by some 32 per cent, turnover rose 10 per cent to £122m.

The collapse in post tax profits is even more noticeable. At £1.87m they are half last year's. The main culprit is a higher tax charge of £1.34m against £1.18m brought about by a sharp fall from £462,000 to £125,000 in the amount of estimated deferred tax.

Despite an order book of around £40m, which should maintain turnover, William Press is being forced into substantial reorganization. Contracting in the south of England has been rationalized so that different activities such as distribution and mechanical engineering operate from one regional centre. But rationalization is not without its cost. So far this year £281,000 has been spent and a further £2.2m could be required before the year's end.

The company is pinning its hopes on long-term demand from the British energy sector, particularly the North Sea, and on overseas contracting work such as the contract for laying gas pipes in Cairo. But shareholders will be fortunate if the company does better than hold the final dividend at the interim of 0.86p gross.

At last night's unchanged price of 29 1/2 p, the shares would then yield 5.8 per cent. On that rating they look fully valued, particularly in view of the uncertainty over the Inland Revenue's prosecution.

Technology

Information: getting the message across

This week has seen Newport confirmed by Inmars as the site for the first United Kingdom factory and the Government give information technology a single Minister of State within the Department of Industry (DoI).

It is good that the National Enterprise Board's semiconductor company has finally been allowed to get moving with the United Kingdom part of its Anglo-American production programme. But the Government's ministerial decision is welcome also.

But how effectively are the Government and Whitehall guiding the nation's advance into the new world of information technology? Are they ready, willing and able to do what has to be done? To what extent is the ministerial appointment a belated admission that we have got it wrong up to now?

Information technology embraces electronics, computing, information handling and telecommunications. The phrase is clearly respectable in Whitehall since there is now a DoI division for information technology. The departmental committee deliberating on the same subject.

Thus the Whitehall machine was already moving towards a more streamlined organization when the Government's Advisory Committee for Applied Research and Development (Acad) published its report on information technology last month. The report called for a single focus for information technology within government, in order to ensure that the subject received adequate attention and that its development was not inhibited through conflicting policies.

The Department of Industry now has this focal responsibility. But a new United Whitehall organization is clearly not enough. It is necessary, but in itself it is not sufficient.

Several things need to be done and, while an eye on developments in certain other countries, they need to be done soon. National objectives will need to be established: these could form the basis of policies and priorities.

Outside government, there is little if any commitment at present of large users of information technology to assist the British information technology industry to develop its skills.

There is little evident awareness of the dramatic changes which new technology is forcing on all sectors of industry. (To be precise, it is the adoption of the new technologies by competitors in other countries that is doing the forcing.) And, nationally, there is a need to exploit opportunities overseas just as actively as other countries are doing.

Mr Adam Butler, as the new Minister of State for Information Technology, will have to make an early commitment to a positive, active role if the recent organizational changes are to have any real meaning. Some funding will be required—not the hundreds of millions of pounds that tend to be needed by British Steel and British Shipbuilders, but £4m or £5m could achieve a lot.

For Mr Reay Atkinson's Information Technology Division at the DoI, the broad objectives will need to be defined by about the end of the year. Then the task for the division will be fourfold: to identify key elements in the

information technology industry and apply appropriate financial support; devise a coherent pattern of research and development; bring users and suppliers together on a number of important demonstration projects; and promote the activities of the industry in overseas markets.

Much of what the Department of Industry will be trying to do has been underlined in the Acad report, which paid particular attention to the policies of other countries.

The governments of France, West Germany and Japan are providing substantial direct financial support for information technology. Acad points out, by assisting research and development and/or financing large-scale demonstration projects.

They justify this on economic, technological and strategic grounds. A competitive national industry in growth world markets brings evident benefits in employment and incomes; information technology companies generate technology which can be transferred to other industries; and because national life increasingly depends on computers it can be argued that each country should have its own computer industry.

As an example, Acad describes the situation in France, where the government has attached high priority to information technology or *technique*.

Several highly publicized projects have been initiated there to stimulate awareness of information technology, to provide the incentive and the funds for industrial development and to create the image of forward thinking and competence in

telecommunications and computing.

One project, beginning in 1981, will provide cheap video terminals in place of telephone directories to 250,000 households in a region, with the eventual intention of eliminating telephone directories throughout France. It is argued that the computer system will be cheaper and that it will have other applications.

A second project will link telephone subscribers in Biarritz by optical fibres, enabling video telephone and private television services to be distributed. Further projects include a French equivalent of the British Post Office's Prestel service, a nationwide data network, a national communication satellite and a large programme to introduce computers into schools.

Looking to overseas opportunities, both France and Japan have government-funded organizations which aim to spread their national technologies in developing countries. In Britain, not only is our record not very good in overseas markets but, as recent events have underlined, we have a chronic aversion to change at home.

Mr Butler, in his new role, need look no further than his own department for a particularly poignant example. Last March Mr David Mitchell, Parliamentary Under-Secretary of State for Industry, announced proudly that the DoI would introduce an experimental departmental viewpoint. This introduction is proving a very slow and tedious process, such is the general opposition of the Civil Service trade unions to new technology.

Kenneth Owen

5,000 US companies have introduced rehabilitation programmes. Anthony Hilton reports

Facing up to the drink problem

New York

An estimated 10 million working adult Americans, equivalent to 7 per cent of the labour force, have drinking problems, according to the National Association of Alcoholism and Alcohol Abuse in its latest report to Congress. The report put the cost to the country at \$4.8 billion a year (about £20,000m) with about \$20,000m in lost production, \$13,000m in health care costs and the remainder caused by crime, accidents and strains on social services.

The report was based on 1978 information, but is current in a few months. Meanwhile, a more recent estimate by the Institute of Medicine puts the cost even higher—at \$60,000m.

The detailed figures are open to challenge, but the existence of the underlying problem is not. It is now accepted in the United States that between 6 and 10 per cent of the workforce is either alcoholic or has a drinking problem. Government agencies suggest that such people are 25 per cent less productive than normal employees, which means that companies lose up to 24 per cent of their payroll—the equivalent of \$20,000m a year.

Until 1970 the problem was ignored by industry, but the last decade has seen the large-scale introduction of policies designed to combat it. Today 5,000 mainly of the larger companies and some government agencies have employee assistance programmes, which try to identify people with a drink problem early, force them to face up to the problem and, if it is hoped, take a cure.

One of the pioneers, International Telephone and Telegraph, has 140,000 North American employees and, at any one time, roughly 3,000 people who are taking a course of up to two years. Firestone, the tyre company, though much smaller, treated 3,000 in the first six years of its scheme.

Reynolds Metal, with 28,000 employees, has had 2,000 cases in six years and is adding about 50 a month, although a proportion of these are members of the employees' Union Pacific, the railway company, says that in 10 years it has treated one in 10 of its payroll.

Clearly, then, the problem is serious. Management's change of heart has been the more dramatic, when it recalls that until recently they were in a special bad publicity and the impact that their employing "alcoholics" might have on sales.



Photograph by Keith Waldegrave

But today Ford and General Motors will happily discuss their programmes and Mr Jim Which in United Airlines' medical department, talks with justifiable pride of the 90 per cent success rate the company has curing pilots with a drink problem.

Though alcoholism is now talked about openly this candour has its limits. Companies are by and large reluctant to discuss the associated problem of drug abuse though it is potentially as serious. Because the habit is illegal, figures are much harder to come by, but one of the few to face the issue, Professor Ken Jennings, of the University of Northern Florida, estimates that 2 per cent of the workforce are probably regular drug users and may be the cause of many of the disciplinary problems on the factory floor.

Professor Jennings caused a stir a few years ago by pointing out that there were 60,000 heroin addicts below the age of 25 in New York City, which was one in ten of that segment of the labour force. He went on to suggest that companies should be far more concerned about their employees than about the theft of property or the sale of

company secrets to finance drug purchases. Some appear to have taken the hint. One large corporation, for example, used a former addict as an undercover agent to break up a drug dealing ring in its factory. Other companies, as a matter of policy, search employees' lockers regularly and some even have Monday morning urine analysis to identify weekend drug users.

But the pressure appears to be coming on hard drugs. Supervisors allegedly turn a blind eye to barbiturates and marijuana. Indeed, some suggest that they are a positive aid to workers doing boring repetitive production line jobs.

In spite of a decade of rapid progress combating alcoholism the blind eye is often present there, too, especially in smaller companies. "Those of us with schemes are still a drop in the bucket," Mr Which of United Airlines says. This is because smaller companies think that they have nothing to worry about—that the disease is a problem only in certain industries like coal mining, steel manufacture and heavy engineering, or professions like medicine and journalism.

The truth appears to be different. Our experience is that it affects all industries and

classes within industry, more or less the same", says Dr Paul Sherman, a consultant who advises companies wishing to set up programmes. "All I would say is that some occupations provide more opportunity. Advertising men have many business lunches. On a night shift supervision tends to be looser."

A typical company programme concentrates on spotting the symptoms of continued heavy drinking—absenteeism or lateness on the shop floor; a reduced appetite for work; managerial levels—and, as these are affecting job performance, confronting the employee.

Forcing him or increasingly her to accept that their work is suffering often makes them face up to the fact that they need help and this makes the cure much easier", Dr Sherman says.

This may help to explain the high "cure" rates claimed by smaller companies—which means that the employee carries on working and his job perfor-

mance does not suffer. But that does not necessarily mean that they have been completely cured. Several companies admit that in many cases they keep drinking, but more moderately. Provided the worker goes back to work the programmes make financial sense for companies. Dr Sherman claims that he could set up a scheme for a company with 1,000 employees for about \$10,000 a year, "Though you could obviously spend much more".

Government figures say that companies recoup \$8 in cost savings or avoided expense for every \$1 they spend on a programme. These savings result from the fact that the typical patient in his late thirties or early forties and has been with the company for at least 10 years. Dismissing people of such seniority and training an adequate replacement can be costly.

Some people are nervous about the spread of the programmes. Mr Richard Weiss at the University of Delaware, in particular, is concerned about the religious zeal of those citing figures for the incidence of alcoholism and suggests that the numbers are exaggerated. He believes that many people in these schemes do not have a drinking problem at all, but because real alcoholics tend to deny the disease the more those who are wrongly identified as alcoholics protest, the more their supervisor is convinced that they need help.

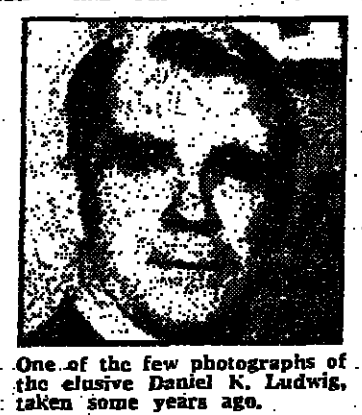
In this way alcoholism gets blamed for what is in fact a failure of management. The temptation for supervisors is to channel problem workers into these schemes and then to have them dismissed when they don't substantially "shape up". "I think these programmes are excellent for alcoholics, but I worry at the way they may be used against other employees who are simply difficult," he says.

He also mischievously suggests that, in some branches of management, "dried out" at least once is an aid to promotion. "In sales it is like a war wound—a real badge of courage," he says. "If your job has not given you a drink, you are obviously haven't been trying hard enough."

Business Diary: 'Evening News' final • Ludwig's overtures?

Evening News dies today, the almost unthinkable—the loss of one capital's top evening news bearing in the collapse of the domestic market is her repercussions. Likely to become apparent today from financial circles. Express News, Evening Standard, Associated Press, Evening News, company will be run by a consortium of Express and News, more than can be said of the other evening news group. The Express group, had things are well with today's programme from the Express, the capital of how advertising is beginning.

Tiny Rowland's relations with Daniel K. Ludwig, the world's richest man, are rapidly starting to resemble the bond between Brendan Bracken and Winston Churchill. The difference could be that Rowland may eventually take over the mantle of his elder friend, Ludwig, whose elusive nature is well known, if not quite as extreme as that of the late Howard Hughes, was in London last week for lunch with the Lorrho chief executive.



One of the few photographs of the elusive Daniel K. Ludwig, taken some years ago.

Rowland, left for Africa a couple of days ago, but Paul Spicer, his spokesman on the Lorrho board, said: "The two are great friends and see each other all the time, but I'm not prepared to talk about Mr Rowland's personal engagements. Mr Ludwig certainly did not come to this office."

Unrelenting stuff, indeed, could make a healthy profit. Today the picture is very different. Metro is out of business and the London has just been sold by its owners, the Irish Independent Group of Tony O'Reilly, president of Heinz, that it must drop its midweek edition because it is unprofitable. Girl continues to make the same—which means that the London gateway market is now back to what it was a year ago.

Such lessons are learnt without some of the problems of redundancy which plague the Evening News and Standard.

So it is with mixed pleasure that I have to report that the Evening News, in spite of its death sentence, has been maintaining commendably high standards recently.

Though no more than a handful of the staff have other jobs, the editorial floor has consistently met its deadlines and will continue to do so today through the champagne party which starts at 10 am until another party to be thrown by editor Lou Kirby at a Fleet Street watering hole during the afternoon.

Large part of his fortune on converting a section of the Brazilian forest the size of Wales into a commercial timber operation. The deal is a speculation that he is looking for outside capital.

Last year Ludwig sold Rowland a half share in his Princess Properties hotel chain, which includes the Acropolis Princess, for £40m. Part of the settlement included the issue of five million Lorrho shares over which Ludwig still exercises voting control.

Spicer commented: "We are on record as wanting to extend our hotel chain. It is possible that may include Mr Ludwig. We are currently clearing a site for a \$100m extension too in Mexico with hotels and several condominiums. If Mr Ludwig makes an investment it is a private matter."

Never let it be said that there is no place for romance in this cruel, cold world. Next week Britain's Hodder & Stoughton, publishers, will announce an agreement with the American people's news Simon & Schuster for the United Kingdom, Australia, New Zealand and South Africa launch of what they describe as "a major new line in contemporary romantic fiction".

Five titles, under the Sibboute Romances imprint will appear, during the month and six each after the

low price of 65p each. "Thereafter women the world over will be putting their feet up and reveling in the world of romance", says the press release.

The writer of this stuff obviously moves in different circles from yours truly.

Competition has come to a little visited area of British commerce. For the past two years a Wiltshire farmer called Bernard Theobald has enjoyed the complete monopoly of the English red wine market, since almost all the 200 or so English vineyards prefer to make their produce from early ripening white grape varieties, the only sort that stand much chance of coming to a sweet maturity in the fitful English sun.

Now a rival to Theobald's Westbury wine has entered the ring. It is made by a Canadian chemist, Gordon Caldwell, who has settled at Stert, near Devizes.

The agency for his entire production was snapped up at the recent Bristol wine fair by an enthusiastic wine man called David Wolfe. "It is the first exclusive agency I have taken on", he says, "but then the total production of red wine this year is only 10 cases".

Wine writers are now eagerly speculating how long it might be before one of their number is commissioned to write grape varieties—to the red wines of Wiltshire.

Before any of us are overwhelmed with gloom by yesterday's BL strike votes, I should point out that there is one consolation to be drawn from events from Longbridge.

Jack Adams, Derek Robinson's successor as chairman of the unofficial BL Cars combined shop stewards committee, has something which his predecessor never had—a sense of humour.

This was apparent when Adams sarcastically referred to the supposed benefits of the new BL bonus scheme at yesterday's Longbridge meeting, a scheme which offers substantial rewards, but only for levels of productivity which the BL workers believe impossible.

"The scheme's got potential like little Dennis Green over there," Adams said, pointing to a diminutive Longbridge shop steward. "Dennis is only four foot two now but when he was hurt he had the potential to be six foot three."

The elevation of television newscasters to superstardom is starting to encroach upon advertising campaigns. HMV advertises its new promotion, with the unlikely theme of "More Rock than Gibraltar, more Tapes than Watergate, more Reggae than Boswaguet". Indeed.

David Hewson

OCE-VAN DER GRINTEN N.V.
formerly named Van der Grinten N.V.
Venlo (Holland)

6 1/2% Convertible Subordinated
Debentures due 1984

Today drawn for redemption at par per
december 1st 1980:

306 debentures of US\$ 1,000,-

Lists containing the drawn debentures will be
available at the offices of the Trustee and the
Paying agents from October 15th 1980.
The right of conversion for the above mentioned
drawn debentures expires on november 30th
1980.

The outstanding amount of the loan after the above
mentioned drawing is US\$ 2,751,000,-
The paying and conversion agents are the
headoffices of Amsterdam-Rotterdam
Bank N.V., Amsterdam,
Pierson, Holding & Pierson N.V., Amsterdam,
Banque Générale du Luxembourg S.A.,
Luxembourg,
N.M. Rothschild & Sons, London and
European-American Bank & Trust Company,
New York.

De Trustee:
NEDERLANDSCHE TRUST-
MAATSCHAPPIJ B.V.

Amsterdam, October 10th 1980
Nieuwe Zijds Voorburgwal 325-328.

FINANCIAL NEWS

Stock markets

Underlying tone firm but only oils go ahead

The market was firm but quiet yesterday with enough demand to support prices and very little selling. There was little reaction across the board to the Leyland workers' rejection of their pay offer, although engineering stocks weakened slightly in thin trading. But in spite of the firm underlying tone, there was not enough business about to carry prices very far, and by lunchtime the market had settled into the dull pattern that characterized the day. The FT index closed down 0.4 at 492.8.

A few special situations provided more interest, but most of the price rises reflected the shortage of stock. Oils were strong again with crude prices on an upswing track.

Glits, too, had a slack day, with long opening 3 down on the previous night's close and drifting back and forth within a narrow range all day. They finally ended up 1 off, with most of the falls coming after hours.

In shorts, the Government broker supplied the new short put, Treasury 3 per cent 1985, at 272. Trade was featureless with the market moving within an eighth of a point and ending unchanged on the previous night.

Leading industrials echoed the subdued strength of the overall market, with small gains. ICI added 2p to 338p, as did Unilever to 453p and Courtaulds to 66p—encouraged by a maintained dividend at Coats Patons. Boverat bucked the trend by losing 6p to 178p. Dunlop was steady at 71p, as was Glaxo at 244p, but Fisons gained 4p to 210p. Beechams edged up 1p to 148p.

Oil shares went up on expectations of higher oil prices as the Gulf war shows no sign of abating. Lasso rose 18p to 882p, while ICI Gas gained 11p to 341p.

Elsewhere in the stores sector, House of Fraser continued to be active with a 4p gain to 142p, after touching 148p during the day—in spite of a denial from Loro of any bid plans.

The rest of the majors in the sector saw little trade, though prices generally held firm. Amongst the smaller stores, takeover favourite Owen Owen added 7p to 123p.

Profit-taking after recent speculation knocked 5p off Folly Peck, but Wearwell edged up 1p to 66p and Cornell Dresses gained 8p to 92p in continued speculation about Mr. Asil Nadir's plans.

Food saw Associated Dairies losing 4p to 232p in continued reaction to the chairman's warning about profits at Wednesday's annual meeting. J. Sainsbury ran into profit-taking, and dropped 5p to 585p.

Properties went a rather quiet session with prices generally marked lower in line with the rest of the market. Nevertheless, jobbers admitted no

real selling pressure and felt that prospects of higher interest rates for the next few months had been discounted.

Enthusiastic buying coupled with stock shortages has resulted in a strong rally in shares of BACC this week. This comes after news of Plessey's recent big defence contract from which BACC should greatly benefit. However, jobbers are unlikely to gain much relief when brokers' Fielding Newton Smith publish a "buy" circular later today. The shares rose a further 2p to 178p yesterday.

In mining, financials, Consolidated Gold Fields firmed 10p to 661p, but RTZ closed unchanged at 480p.

Equity turnover on October 30 was £140.39m (19.24m shares).

Active stocks yesterday, according to Exchange Telegraph, were BP, Associated Dairies, Rank, Burnham, Lasso, Premier, Shell Berleys, Sainsbury Stores, Boverat, Consolidated Gold Fields, Courtaulds, GTS, KCA International and National Westminster.

Traded Options: Total contracts amounted to 1,170 in a quieter day. Interest flared up again in Loro, with buyers chasing the November 104s in hopes of a quick profit before the series expires. Consolidated Gold Fields January 650s and 700s were also busy.

Traditional options were fairly active thanks to the firm underlying price in the equity market. There was only one put, in Tesco at 5p, but calls were arranged in Town and City at 28p, Charterhall at 14p and in the volatile Double Eagle at 11p.

Latest results

Company	Sales	Profits	Earnings	Div	Year's
	£m	£m	per share	20/12	total
Admiral (F)	3,713.1	3,292.2	2.8(2.4)	0.12(0.1)	5,714.45
Armour Tat (F)	1,012.0	1,012.0	1.0(1.0)	0.05(0.55)	1,012.0
Armour Tat (F)	1,012.0	1,012.0	1.0(1.0)	0.05(0.55)	1,012.0
Bambors Stores (I)	1,012.0	1,012.0	1.0(1.0)	0.05(0.55)	1,012.0
Bambors Stores (I)	1,012.0	1,012.0	1.0(1.0)	0.05(0.55)	1,012.0
Bambors Stores (I)	1,012.0	1,012.0	1.0(1.0)	0.05(0.55)	1,012.0
Bambors Stores (I)	1,012.0	1,012.0	1.0(1.0)	0.05(0.55)	1,012.0
Bambors Stores (I)	1,012.0	1,012.0	1.0(1.0)	0.05(0.55)	1,012.0
Bambors Stores (I)	1,012.0	1,012.0	1.0(1.0)	0.05(0.55)	1,012.0
Bambors Stores (I)	1,012.0	1,012.0	1.0(1.0)	0.05(0.55)	1,012.0

Payout lifted as Armour climbs

By Our Financial Staff
Armour Trust, the holding company with interests in confectionery and television rental, lifted pre-tax profits by 18 per cent to £440,000 in the year to April 30. Turnover increased by a tenth to £8.23m.

However, the group warns that trading in the first half of the current year has been difficult, although it intends to consolidate the recovery of the past two years.

A 25 per cent increase in the dividend is proposed to 0.18p gross.

Briefly

West Bromwich Spring: Turnover for first half of 1980, £220,000 (12.07m). Profit, £22,000 (1.07m). No interim payment (against 0.41p gross last year).

Canadian & Foreign Investment Trust: Pre-tax profits for first half of 1980, £115,000 (1.15m). Interim payment raised from 2.5p to 2.75p gross.

Corning (subsidiary of Corning Glass Works, of the United States): Sales for 28 weeks to date, £47,190 (£31.71m). Loss before tax, £47,190 (£31.71m). Loss of £932,000 last time.

Municipal Properties: Gross income for first half of 1980, £17,000 (£121,000). Pre-tax profits, £149,000 (£108,000).

Lumva (Ceylon) Tea and Rubber Estates: Net revenue before tax for nine months to September 30, £224,000 (£92,500). Interim payment, gross, raised from 7.14p to 8.57p.

Strong & Fisher (Holdings): In its annual report, the chairman, Mr. Edward Davies, warns shareholders that the immediate future remains uncertain. There is now clear evidence that buyers of finished leather are re-emerging and raw materials have risen from their lowest levels. Whether these signs of a renewed confidence can be sustained remains an open question.

MFI: Mr. D. S. Hunt, director, disposed of 10,000 shares on October 24.

AB Foods-CWS: Associated British Foods has completed the purchase of Co-operative Wholesale Society of its 49 per cent shareholding in Chancellor Mill of Leith. Shell Petroleum and Irish Shell have agreed terms on which Shell Petroleum will make an offer for the preference shares of Irish Shell, being 120,000 shares. Terms: £1.05 (Irish) in cash for each share.

Cetatin: E. F. Robbins Ltd of New York have purchased further ordinary shares in Cetatin, increasing its holding to 128,000 shares (17.5 per cent) in 1980-81.

Australian National Industries: Chairman, Mr. E. A. O'Halloran, told the AGM: 1979-80 was another very successful year for ANI and we achieved our 13th consecutive year of profit growth. We have made our best start ever to any financial year in 1980-81 with all divisions contributing most satisfactorily to our total group performance. Both sales and profits for the first six months to September, 1980 are 15 per cent ahead of the corresponding period of last year.

Philip Morris: Philip Morris Incorporated's subsidiary Philip Morris International NV, intends to issue in Switzerland 100m Swiss franc 5 per cent bonds with a maturity of 10 years. This issue will be underwritten by a group of Swiss banks headed by the Swiss Bank Corporation, Credit Suisse and Union Bank of Switzerland.

Heron bond: Heron International Finance announced the issue of £20m Swiss franc international bond by its subsidiary, Heron International Finance B.V. The bond was issued at par, carried a coupon of six-and-three-quarters per cent and is redeemable in 1990 at the latest. The issue was substantially oversubscribed and application has been made for the loan to be quoted on the stock exchanges of Basle, Bern, Luxembourg, London, Paris, Zurich and Amsterdam.

Drayton Consolidated Trust: Prudential Group have bought a further 150,000 ordinary shares and now hold 2.88m shares (9.19 per cent).

Coleroll: Reporting half-year results of Coleroll Ltd, the Nelson, Lancashire, private company said to be the fastest-growing manufacturer of wallcoverings in Europe, Mr. John Ascroft, managing director, expresses confidence in the future. Coleroll's results for the first half of the current year show a turnover in excess of £10m (compared with £10m in the full 1979/80 year) and sales currently running 20 per cent above the figures.

Aberdeen Trust: Pre-tax revenue for year to September 30, 1980, £23.2m (£23.2m). Total gross dividend, 8.14p (6.35p).

Scott's Restaurant Turnover for first half of 1980, £1.6m (£1.6m). Pre-tax profits, £29,000 (£55,000).

Sales fall hits Weeks Associates

By Our Financial Staff
Weeks Associates, manufacturers of agricultural and rubber products, has blamed the 20 per cent decline in sales for the losses in the first six months of the year.

The Hants-based group reported losses of £115,900 in the six months to August compared with pre-tax profits of £29,600 in the same period last year. Turnover rose slightly to £5.8m last year to £6.1m.

Trading profit of £207,200 was offset by increased interest charges of £323,000 against £162,800 in the period last year. After an extraordinary charge

of £30,000 for start-up costs for the subsidiary, Hutton Singapore, losses were made of £145,900. An interim dividend has been passed.

Mr. N. White, the finance director, said yesterday that all the United Kingdom companies had been affected by the decline in demand despite the cost-cutting operations, which had been in progress since the first three months of the year, which were affected by the steel strike, changes in the business climate came in May. Since then order books at all the subsidiaries, apart from Tong & Sons, were down across the board, he said.

The group exported 23 per cent of sales which saw an increase of 6 per cent in the period, resulting from a direct effort to develop overseas markets.

At Huttons, manufacturers of axles and hydraulic rams, the lack of sales combined with delays in production resulted in losses of £100,000, of which £55,000 were non-recurring.

The borrowings raised last year of £10m in medium and long-term loans for the purchase of Rubber Allied Products had changed the group's liquidity position.

Mr. White said the group will continue to develop overseas markets. He added: "We sympathise with Mr. Moran's view that his resignation could be detrimental to the group and we acknowledge that he is strenuously denying all the allegations."

In what was Mr. Moran's first official letter to shareholders last Friday, he said that he believes that "without my efforts the value of the company will greatly diminish". He said that a major part of the company's profits have come from insurance broking which is necessarily a "highly personal business".

French woollen firms to merge

Four French companies specialising in the production of wool and woollen garments intend to merge to form the leading French group in the field with sales of almost 5,000m francs (£476m).

Under the terms of the merger, Societe de Laine de Roubaix will merge with the Roubaix-based company of the Prouvost group which together already own 44.6 per cent of La Lainiere's capital. These are

Prouvost SA, which has a 24.4 per cent interest in La Lainiere, and Societe de Laine de Roubaix, which has a 16.5 per cent interest in La Lainiere. The merger will create a new group with a capital of 1,000m francs (£83m) and 100m shares.

Under the terms of the merger, Societe de Laine de Roubaix will merge with the Roubaix-based company of the Prouvost group which together already own 44.6 per cent of La Lainiere's capital. These are

Terms of the merger include the exchange of 33 shares of La Lainiere for every share of Prouvost SA, 39 for every eight shares of Societe de Laine de Roubaix, and 45 for every two of Societe de Laine de Roubaix. The merger will create a new group with a capital of 1,000m francs (£83m) and 100m shares.

Under the terms of the merger, Societe de Laine de Roubaix will merge with the Roubaix-based company of the Prouvost group which together already own 44.6 per cent of La Lainiere's capital. These are

By Our Financial Staff
Sir Austin Bide, chairman of pharmaceutical group Glaxo, says in his annual report: "The depressed and worsening economic scene around the world makes the task of increasing profit and profitability a difficult indeed for any British manufacturing and exporting company, and the more so as sterling strengthens."

An International Group in many fields of textiles

COATS PATONS LIMITED

Interim Announcement

Unaudited results for January/June 1980 and the comparative figures for 1979 are as follows:—

	Jan./June 1980	Jan./June 1979	Year 1979
Turnover	£405,512	£400,000	£683,649
Trading profit before charging depreciation	37,433	39,225	79,521
Less: Depreciation	7,265	6,615	13,445
Trading Profit	30,168	32,610	66,076
Interest and other charges	6,575	4,403	11,306
Profits of associated companies	23,613	28,207	54,770
Investment and other income	1,392	1,012	2,739
Profit before taxation	25,678	31,045	63,534
Taxation	11,178	11,773	23,250
Investment grants	15,500	19,272	38,284
Profit after taxation	15,664	19,447	38,633
Interest of minority shareholders	2,225	2,509	4,958
Profit before extraordinary items	13,439	16,938	33,675
Extraordinary losses	1,085	663	1,971
Preference dividends	24	24	48
Profit earned for ordinary shareholders	12,330	16,251	31,656
Ordinary dividends	3,874	4,164	11,358
Profit retained	8,456	12,087	20,298
Earnings per ordinary share of 25p	4.8p	6.1p	12.2p
U.S. Dollar rates of exchange used—Dollars per £	\$2.40	\$2.07	\$2.22

Sales at £346 million (1979, £336 million) were marginally higher than in the same period last year. World sales volume was virtually unchanged and price increases more than offset the adverse effect on sales value of the strengthening of Sterling compared with January/June, 1979.

Exchange movements reduced trading profits by £7.3 million, or 22%, but better trading results in North America and certain European countries, derived entirely from improved efficiency, confined the drop to £2.4 million, or 7%. Unfortunately the level of price increases mentioned above was insufficient to cover increased costs and trading margins fell to 8.7% (1979, 9.7%).

The increase of £2.2 million in the interest charge was due to higher interest rates and increased borrowings overseas.

Owing to improved profits in high tax countries and a provision for clawback of stock relief which was not necessary, the rate of tax has risen from 38% to 42%. In consequence, profit earned for ordinary shareholders was £12.3 million (1979, £16.3 million), a reduction of 24%.

Profit before taxation of £26.7 million reduces on an SSAP 16 basis to £10.7 million (1979, £31 million to £16.3 million).

Trading conditions, particularly in the United Kingdom, were difficult throughout the first half of the year and there is currently little sign of improvement. We are continuing our policy of rationalisation and disposal of surplus assets. Taken together with a more efficient use of working capital, it is expected that the net borrowing position at the year-end will be similar to that at December, 1979. It is anticipated that the year on year increase in interest charges will not be greater than the increase shown for the first six months. The movement of the Sterling exchange rate will, however, be the main factor determining the results for the current year.

An unchanged interim dividend of 1.4p per share will be paid on 31st December, 1980, to ordinary shareholders on the register on 14th November, 1980.

How to avoid that Monday Morning Feeling!

Use The Times Readers Services Guide which appears every Monday in The Times, listing Services that will be of use to our Readers in both their home and Business lives.

How to avoid that Monday Morning Feeling!

Georges Lannois has advertised French and Spanish tuition in The Times Personal Columns for many years. And recently in the Times Readers Service Guide under Educational (Tuition) Heading. He finds the consistent weekly, business-like listing in the Guide brings in a steady flow of serious prospective students of all ages. This he finds, saves time, money and effort.

In the first three months of their advertisement appearing in The Times Readers Service Guide, 'Supreme Typewriter Word-processing' netted over £9,000 of sales. Last year, that meant it cost under £65 to generate over £9,000 of business. It's certainly cost-effective and it's also an awful lot of typewriters.

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FINANCIAL NEWS

Jardine Matheson move to deter possible bidder

By Bryan Appleyard

In a defensive move designed to fend off a possible bid, Jardine Matheson the Hong Kong trading giant has announced a 25m new share issue to convert its existing 100m shares into a loan stock conversion which will create another 24m shares.

The move is said to be to convert all outstanding 71 per cent convertible subordinated loan stock 1990 into ordinary shares. Holders can alternatively opt to have the stock redeemed.

The conversion rate, adjusted for an earlier three-for-two scrip issue, is HK\$30.40 (2.46p) nominal of ordinary shares for every HK\$100 of loan stock giving an effective price of HK\$19.74 per share.

Jardine was free to take this step as long as the market price of its shares had remained 50 per cent above the subscription price for ten consecutive days. This happened on Wednesday, but the expected



Mr. David Newbagg, chairman of Jardine Matheson.

announcement of the conversion was replaced by the HK\$76m of loan stock is HK\$470m.

In addition to these moves, the terms of the HK\$1,000m rights issue announced last month are due to be announced in the middle of November. This will carry warrants convertible into equity.

But in spite of the 20 per cent increase in equity announced over two days, and the rights issue, Jardine's shares have been showing remarkable strength. In London the rose HK\$2.25 to HK\$30.25, and they continued to rise in London to 256p yesterday.

All this activity is largely aimed at deterring a possible bid from Chinese interests, particularly Sir Y. K. Pao, the shipping magnate. The strength of the share price is put down to both support from friendly interests and buying by the Chinese.

Mr. David Newbagg, chairman of Jardine, gave as one motive for the issue to Land the company down of speculation in shares based on a possible bid.

Bambers raises market share

By Margaret Pagan

With high street traders reporting a squeeze in consumer spending in recent weeks, Bambers Stores, the women's clothes retailer and manufacturer, yesterday announced that it had captured a larger slice of the market.

But the two per cent increase in market share was accompanied by a fall in trading profits in the six months to August of £705,000 compared with £906,000 in the same period last year. Turnover increased by 23 per cent from £11.1m to £13.8m.

An interim gross dividend is declared at 15p, an increase of 14.7 per cent compared with 0.8p at the halfway stage last year. Including the sale of properties of £417,000, pretax profit

was £1.1m compared with £1m last year. Mr. Louis Vernon, the managing director, said yesterday that with a general decline in high street trading of 15 to 20 per cent, the group had returned "satisfactory growth".

Interest charges were up from £340,000 last year to £710,000 for the period. Borrowings remain at last year's level of £6m. The group feels satisfied with this but is making attempts to reduce the ratio between borrowings and shareholders funds.

Manufacturing, which remains an integral part of the clothing business, contributes 60 per cent to overall sales and helps in keeping prices down. In the last six months the group has opened 13 new branches

throughout the country, bringing up the total to 200 retailing outlets. However, a few "surplus" branches have been closed, Mr. Vernon said.

The next three months, which include the Christmas season and January sales, are traditionally the group's most important selling time and it looks forward to increased sales. Indications are that the last two months of trading have shown improvements and the outlook is optimistic for the coming season.

Last year, the group saw pretax profits rise 47 per cent to £4,070m, on turnover of £25.2m. After deducting £715,000 for interest on the group's debt, the increase was 29 per cent. The share price dropped 1p to 56p.

Toyota Motor Sales slips at interim

Toyota Motor Sales, the sole sales firm for the Toyota Motor Group, has suffered a profit decline for the first time in three years, although sales were a half-year record, helped by active exports.

Foreign exchange losses arising from the yen's appreciation and increased interest payment burdens trimmed the profit.

After-tax profit was 17,300m yen (about £33m) for the first half ended September 30. Sales totalled 1,830 billion yen. The interim dividends was 5.50 yen per share, the same as last time. Overall sales came to 1.6m units, up 13.2 per cent. Sales in

International

the domestic market alone totalled 770,462 units in the six months, down 7.9 per cent from 836,255 units the year earlier. Exports increased 40.1 per cent to 916,499 units from 653,942 units. Exports to the United States increased 21.3 per cent to 348,701 units from 287,549 units the year before. Those to Saudi Arabia were 22,094 units, up 35.9 per cent. Exports to Iraq increased sharply as the company

Standard Oil

The board of Standard Oil of California yesterday announced a stock split of 10 for one, which will reduce the quarterly dividend from 10 cents to 1 cent.

The cash dividend on December 10.

The effect of the proposed split, which will be asked to approve an amendment to increase the number of authorized common shares from 250m to 500m.

If the amendment is agreed upon, the split will be effective on February 6.

Loss forecast at KLM

KLM Royal Dutch Airlines expects a loss in the year ending March 31 in view of current prospects for the remaining two quarters.

The airline showed a net profit of 15.3m florins last year. In the first half, to September 30, of this fiscal year, its net profit declined to 7.9m florins (£17.6m) from 92.0m last year, with higher second-quarter earnings not making up for the first quarter's 12m loss.

Progress at Cyanamid

Cyanamid has reported an 11.1 per cent sales increase for the third quarter of 1980 compared with a year ago. Net earnings rose 2.8 per cent, despite unusual charges for plant shutdowns and consolidation.

Mr. James G. Affleck, the chairman and chief executive, noted the achievements of Cyanamid's agricultural, medical and consumer businesses in

the third quarter, "all of which performed better than expected".

He said, however, that the company was still feeling the effect of the downturn of the economy in the chemicals and formica brand products businesses, and did not foresee much improvement in these businesses during the balance of the year.

Signal buys Ampex

The boards of Ampex Corporation and Signal have signed a formal definitive agreement providing for the acquisition of Ampex by Signal through an exchange of common stock.

The agreement calls for the exchange of 0.85 of a Signal common share for each common share of Ampex.

The merger is subject to approval by the shareholders of both companies.

Business appointments

Avon Rubber elects two non-executive directors

Mr. John Pinckard and Mr. Ian Weston Smith have become non-executive directors on the main board of Avon Rubber Company.

Mr. B. H. Nathan and Mr. K. J. McQueen have joined the board of General Mining and Investment (UK).

Mr. Terry Bucher and Mr. Jim French have become directors of Atcost Structures. Mr. Mike Doherty has become a director of Atcost Projects and Mr. George Shaw has joined the board of Atcost Concrete.

Mr. Gordon A. Rogers has been appointed by the London Electricity Board as financial director in succession to Mr. James Smith.

Mr. B. Smallman has become a director of Courtauld Knitwear.

Mr. A. J. Taylor, previously deputy managing director of the British Association, has been elected president in succession to Mr. Roger Kingston who has resigned.

Mr. Paul Cockerham has been appointed managing director of Alpha MicroSystems UK. Mr. I. P. Evans is now sales director.

Mr. Alexander T. Liu, vice-president, has been made director of administration at Bankers Trust International.

Bank Base Rates

ABN Bank	16%
Barclays	16%
BCCI	16%
Consolidated Credits	16%
C. Hoare & Co.	16%
Lloyds Bank	16%
Midland Bank	16%
Net Westminster	16%
Rossmore	16%
TSB	16%
Williams and Glyn's	16%

* See separate page for details of bank rates.

M. J. H. Nightingale & Co. Limited
27/28 Lower Lane London EC3R 8EB Telephone 01-821 1212
The Over-the-Counter Market

1979/80 Rank	Company	Price	Ch'ge	Gross Divid	Yld %	P/E
99	39 Airsprung Group	41	+1	6.7	16.3	3.7
50	21 Armitage & Rhodes	24	-	1.4	5.8	8.9
177	824 Bardon Hill	176	-1	9.7	5.3	6.6
100	69 County Cars Pref	69	-	10.7	15.5	4.7
101	63 Deborah Ord	95	-	5.5	5.8	3.7
126	88 Frank Horsell	177	-	7.9	5.8	3.7
129	65 Frederick Parker	65	-	11.0	16.9	3.0
156	79 George Blair	79	-	3.1	3.9	-
85	45 Jackson Group	88	+1	6.0	6.8	3.3
153	103 James Burrough	120	-	7.9	6.6	9.8
310	242 Robert Jenkins	305	-	31.3	10.5	-
232	175 Torday Limited	218	-	15.1	6.9	3.7
34	10 Twinkl Ord	111	+2	-	-	-
90	70 Twinkl 15% UL5	82	-	15.0	18.3	-
56	23 Unilock Holdings	38	-	3.0	7.9	5.8
101	42 Walter Alexander	98	-	5.7	5.8	5.4
245	136 W. S. Yeates	240	-	22.1	5.0	3.9

*Accounts not prepared under provision of SSAP15.

*Accounts not prepared under provision of SSAP15.

Hopkinsons pushed into loss by strike

By Our Financial Staff

A damaging 15-week strike has plunged Hopkinsons Holdings, the boiler mounting and valve group, into the red at the half-way stage.

Interim figures for the six months to August 1, show pretax profits plunging from £789,000 into a loss of £94,000 on turnover reduced from £21.1m to £18.9m.

A spokesman for the group said the strike had cost in excess of £1m with only one third of the usual working period used up.

Nevertheless, the board has declared an interim dividend of 2.14p gross which is unchanged over the corresponding period.

Looking to the second half, the group points to a satisfactory order book and expects to return to the black for the year as a whole. A group of over £1m has not been discounted.

The overall trading position remains fairly stable, although the fall in sales results from increased destocking by most of the group's customers.

On top of this, the 15-week strike has meant increased borrowing which now amounts to over £5m.

Workforce reduced as Twinlock loss rises

The pretax loss of Twinlock widened from £241,000 to £339,000 in the half year to August 29.

Mr. J. H. Murray, the chairman, explains that the company experienced difficult conditions in the United Kingdom and the half years sales, though 4.8 per cent ahead at £14.95m, were below earlier expectations.

Interest charges grew from £716,000 to £757,000. The slackness in demand posed further problems for the group's factories and short-term working continued in most locations.

Additionally, Twinlock took action to lower costs and the number of people employed was cut by 10 per cent in the half-year. These actions enabled it to absorb much of the fall in trading profit arising from the downturn in sales.

This group makes products for recording, storing, retrieving and displaying business information.

First-half jump at Jackson Group

More than doubled half-time figures are reported by the Jackson Group, the East Anglian construction and industrial services concern, the shares of which are traded on the over-the-counter market made by M. J. H. Nightingale.

In the first half of this year, pretax profits climbed to £365,000, against £173,000 last

year. No tax charge is expected for the current year. Turnover was up from £12.1m to £19.34m.

Mr. F. Jackson, the chairman, said that the full-year results were expected to prove satisfactory. Pretax profits reached £574,000 in 1979.

Touche Ross Int in Scandinavian mergers

Touche Ross International announces a merger in Denmark between its member firm, DFR and the old-established Schoebel & Marbol practice.

The combined firm is now one of the two largest accounting practices in Denmark. The two firms have a total of 400 people including 48 partners operating from 10 offices in eight cities. Total fees in the current year are in excess of £5.3m.

Also announced by Touche Ross International is a merger in Sweden between its member firm, Stockholm Revisionsbyrå AB and Elinder & Nyström.

Interim results down at Border Breweries

Border Breweries (Wrexham) has not escaped the recession. It estimates that in the half-year to August 31, pretax profits fell to £474,000, compared with £558,000 in the similar period last year. Border's board explains that sales of all products, including draught beers, are down in volume. The future

for the second-half does not look very promising, the directors warn. However, the interim dividend is being raised from 1.71p to 1.85p gross.

New Zealand gold venture by MIM

New Zealand could become self-sufficient in gold for industrial and related purposes if MIM Holdings, the Australian mining company, is successful in exploiting an alluvial gold deposit in the Mkonui river valley on the South Island.

MIM has commissioned Alluvial Dredge, a Scottish company, to prepare a design for a bucket dredge. The design should be ready by next spring. If the project proceeds, the contract for the dredge and associated equipment could be worth A\$2.5m (£1.25m).

Another Australian company, Endeavour Resources, is to spend A\$17.5m (£8.75m) on acquiring Rhonda Colliery in Queensland.

GM—Midland Bank link in Brazil

Financiadora General Motors, a subsidiary of General Motors do Brasil, has acquired a 9 per cent holding in Bamerindus Midland Arrendamento Mercantil SA, the Brazilian leasing company in which Midland Bank has a 40 per cent

interest. Banco Bamerindus do Brasil, one of Brazil's largest private banks with over 650 branches across the country, holds the remaining 51 per cent.

The participation of General Motors extends the opportunities for developing leasing in the expanding transport field. With its special Chevrolet programme, General Motors will be promoting vehicle-leasing through its 350-dealer network, thus bringing the number of outlets for the Bamerindus Midland operation to more than 1,000.

Leasing is rapidly growing in importance in Brazil as an additional means of finance for the country's substantial internal investment programme.

Interim slump at Boosey & Hawkes

Following the annual half profits of 1979, Boosey and Hawkes saw its pretax profits slump from £391,000 to just £60,000 in the first six months of 1980. Turnover rose from £8.05m to £9.15m. The board reports that difficult trading—especially in musical instruments—and costs incurred in upgrading manufacturing operations (as well as terminating others) contributed to the result.

But trading profit is improving in the second half and the interim payment is being held at 2.71p gross.

Johannesburg Consolidated Investment Company, Limited

(Incorporated in the Republic of South Africa)

Extracts from the Chairman's Review by Sir Albert Robinson.
The Annual General Meeting of the Company will be held in Johannesburg on 10 November 1980 at 12 noon.

This is my last Chairman's review of your Company's affairs as I shall be succeeded on 1 January 1981 by the present Deputy Chairman, Mr. G. H. Waddell. I have gladly accepted an invitation from my colleagues on the Board to continue serving as a Director.

I first became associated with Johannes in 1965, when I was appointed an Alternate Director. In 1971 I became Chairman. For the past fifteen years, therefore, I have been involved in the affairs of the Group. During this time we have expanded our activities in platinum, gold, nickel, antimony and coal mining, and also in the industrial field. All of these areas of our business have shown a steady and consistent growth and prosperity and I am satisfied that they have the potential to do so in the future. Furthermore, I believe that under Mr. Waddell's energetic leadership we can look forward to the development of new businesses as well as to the further expansion of our existing enterprises. But Johannes' potential, and indeed the country's vast economic potential, will not be realised unless South Africa enjoys political, social and industrial stability. It is on this need for stability that I wish to comment.

The Prime Minister has unleashed the forces of change in South Africa after some thirty years of the restrictive policies of his predecessors. Over these years numerous devices were employed to entrench apartheid, or as it later came to be known, separate development. Coloured and black representation in the South African Parliament was removed. Separate coloured and Indian councils were created. The Group Areas Act was introduced to divide the peoples of South Africa by forcing them to live in separate ethnic communities. Black homelands were established in the hope that they would arrest and ultimately reverse the influx of blacks to the metropolitan areas. This plethora of divisive legislation inevitably necessitated the enactment of increasingly elaborate and powerful laws for the control of dissent. However necessary these laws may be for the protection of the legitimate security interests of the State, it cannot be denied that they have encroached extensively on the freedoms that are fundamental to any democratic society.

Mr. Botha assumed office at a time when the failure of the apartheid doctrine of separate development was becoming increasingly evident. Distasteful of the direction in which traditional policies were leading the country, the Prime Minister lost little time in setting a new and more hopeful course. Last year he announced a programme of reform directed towards the establishment of a constellation of states which he claims will be founded upon racial equality and economic growth. To this end he has initiated a process of consultation with black leaders and with representatives of the business community. He has abandoned the Westminster system of parliamentary government by abolishing the Senate and he has also abolished the Coloured Persons Representative Council. In their place he has announced plans for a new constitutional and political dispensation.

As one who attended the new famous conference between business leaders and the Prime Minister and his Cabinet colleagues last November, I feel free to comment on the trend of events since that meeting. There are those who suggest that reactionary elements in the Government will frustrate the Prime Minister's efforts to create a generally acceptable basis for a new South African society. Others, however, hope and believe that, despite its slow progress to date, his policy reflects a new spirit, namely one that recognises and accepts that a negotiated sharing of power among the races is the only alternative to violent inter-racial conflict in South Africa.

It is difficult to assess the present balance of power between the reactionaries and the reformists. I am, however, certain of one thing: that Mr. Botha's policies have unleashed the forces of change and will now preserve the old order or prevent the ultimate emergence of a new, non-racial South Africa. The Government's further plans are awaited with the keenest interest by moderates of all races within the Republic and by the major Western powers, whose trade and investments are essential to the country's wellbeing. Their earnest hope is that Mr. Botha will be able to steer a course away from conflict and towards an accommodation of the reasonable aspirations of all the peoples of South Africa.

I turn now to the question of industrial relations. In this sphere the Botha Government has advanced the process of change by the appointment of various commissions to investigate and report on industrial relations and the relevant labour laws in South Africa. For many years a number of leading white trade unions have dominated the industrial scene whereas blacks, by and large, have had their terms of employment decided by employers with the Government holding a watching brief. Today the majority of Government-approved and registered unions are non-white or racially mixed, which is an interesting and satisfactory development. Obviously industrial peace should be the prime objective of employers, the Government and employees alike. The Government has a responsibility to workers who seek to negotiate legitimate changes in their conditions of employment. Such measures can only lead to civil disorder or industrial action and consumer resistance. I believe that certain steps should be taken to resolve this complex problem, namely how to achieve a responsible trade union movement which is fully recognised and whose members do not feel impelled to resort to unlawful action to obtain redress of grievances. Firstly, all unions should aim at being democratically representative of all employees. Secondly, the number of unions competing with each other should be limited. This is essential if only to avoid demagogic disputes. Unions should be encouraged to amalgamate in the different economic disciplines, or at least to bargain together with management as is already the case in the steel and engineering industry. Thirdly, it must be accepted that workers of all races have industrial rights, just as employers have industrial rights. One segment of the industrial community should not impose its will upon the other. Management and the unions must negotiate under the umbrella of benevolent industrial legislation to further their mutual interests. These suggestions amount to the practice of industrial democracy, a principle which should be accepted in South Africa if strife and disorder in the work-place is to be avoided. After all, employers and employees should have a common interest, which is to further their own prosperity and thereby promote the prosperity of the nation.

I have commented on some of the major political and industrial problems that confront the country. I am one of those who believe that to achieve stability in South Africa there should be one nation, however diverse its many parts. If this belief can win sufficient support—and I think it can—and we may hope for a constitution that meets the reasonable aspirations of the various communities. This achievement would provide the framework for a peaceful and prosperous future and would win for South Africa considerable support and goodwill in the international community.

Results for the Year

The Johannes Group made substantial progress during the past financial year and profits were at a record level.

Group profits before the deduction of tax, preference dividends and minority interests were £808.7m, compared with £707.8m for the previous year. Profits on the realisation of investments less provisions against possible future losses on investments amounted to £80.8m. After the deduction of tax, preference dividends, minority interests and the net surplus on realisation of investments, which is customarily regarded as non-distributable, the net profits available for distribution to ordinary shareholders for the 1980 financial year were £72.3m (1016 cents per share), an increase of 67% over the comparable figure of £43.3m (609 cents per share) for the previous year. These results are mainly a reflection of a 48% increase in Group investment income from £38.1m to £56.6m.

The consolidated income statement does not give a complete picture of the Group's earnings as it necessarily excludes the Group's share of the retained profits of non-subsidiary companies in which a substantial interest is held. When these underlying earnings are taken into account, the equity earnings of the Johannes Group increase to £129.8m (1880 cents per share), compared with £86.8m (1214 cents per share) for the 1979 financial year.

Cash inflow for the year totalled £136.4m. Loan repayments absorbed £61.2m; £89.6m was distributed to preference and ordinary shareholders; investments accounted

for £12.8m; expenditure on exploration and research was £3.6m; and £5.5m was spent on fixed assets. The net result of the foregoing was an increase in cash resources of £35.7m to £56.5m. The Group's net current assets improved from a deficit of £21.5m to a surplus of £75.2m.

Thus, the financial strength of the Group has been improved to a significant extent during the past year. A strong cash flow and substantial gearing potential place it in an excellent position to take full advantage of new opportunities as and when these arise.

During the year ended 30 June 1980 dividend income from our diamond investments increased by 19% to £16.3m, or 31.6% of consolidated net income. These investments, which amount to 11.3% of total Group investments, consist of holdings in certain unlisted diamond trading companies and in De Beers Consolidated Mines Limited.

Gold and Uranium. The gold price continued to fluctuate widely during the year under review but maintained the strong upward trend that started in 1977. The average price received by the South African gold mining industry was £12,530 per kilogram, an increase of 96% on the comparable figure for the previous year.

In March 1980, The Randfontein Estates Gold Mining Company, Witwatersrand, Limited announced plans for the sinking of the Cooke No 3 shaft to exploit the southern portion of its lease area. Full-scale production at the rate of 150,000 tons milled per month is expected to be achieved in 1986. Good progress has been made in overcoming production difficulties at the Cooke plant.

As a result of higher gold prices, Western Areas Gold Mining Company Limited greatly increased its after-tax profits during the period under review. In January 1980 a long-term contract for the supply of uranium was negotiated through the agency of Nuclear Fuels Corporation of South Africa (Pty) Limited. Deliveries in terms of this contract will begin in 1983.

The uranium market, in contrast to the gold market, has deteriorated appreciably during the past year. With one or two notable exceptions atomic power programmes are generally at a standstill, partly as a result of public controversy concerning the alleged hazards of nuclear reactors and the disposal of waste material. The market may be expected to recover in due time, however, as the demand for energy increases and as the leading industrial nations move to reduce their reliance on Middle East oil.

Platinum. Rustenburg Platinum Holdings Limited earned pre-tax profits of £229.9m in its financial year ended 31 August 1980, an increase of 86% on the comparable figure for the previous year. This record level of profits was due partly to increased sales volumes but mainly to substantially higher prices for platinum and palladium. During the past two years Rustenburg has greatly strengthened its financial position. All borrowings have been repaid and cash resources at 31 August 1980 amounted to £42.1m. These cash resources will enable the company to exercise greater flexibility in its response to any adverse developments that may occur in the platinum market.

Prospecting of the Wessels Plateau, in the Ficksburg district, is far advanced but the necessary metallurgical and feasibility studies will not be completed for some time. Preliminary indications are that this area has the potential for supporting a major new platinum/nickel/copper mine. However, a close assessment of the future world-wide demand for platinum and Rustenburg's overall production capabilities will have to be made before a decision can be reached on whether to develop a new mine.

On 25 August 1980 Rustenburg raised its published price for platinum from £220 to £475 per ounce. The company has enjoyed favourable trading conditions thus far in its current financial year.

Coal. As reported in the Directors' review, Johannes' investment in managed coal producers now consists of a controlling interest in Tavistock Collieries Limited, the investment in The Natal Cambrian Collieries Limited having been sold during the year. In addition the company has valuable coal rights in the Middelburg, Breiten and Peardelkop areas of the Eastern Transvaal and options over coal-bearing areas in Natal and KwaZulu. Other areas are being sought.

In my opinion, the Government's policy on coal exports is in urgent need of review. South African reserves of coal are estimated to be 80 to 85 thousand million tons, so without the least detriment to internal requirements, the Government should consider a level of exports much higher than the officially imposed maximum of 4.4 million tons per annum for thirty years.

Base Metals. Consolidated Marchion Limited, the western world's largest producer of antimony concentrates, earned after-tax profits of £7.6m in its financial year ended 31 December 1979, compared with a loss of £0.5m in the preceding year. Market conditions continued to be favourable during the first half of the current financial year but since then have deteriorated sharply. As a result, Your Board has decided to discontinue the production of antimony concentrates. On 6 October 1980 the company announced that sales were expected to remain at a low level next year, it had been decided to reduce the milling rate from 45,000 to 30,000 tons per month and, furthermore, that no final dividend would be declared in respect of the current financial year.

Shangani Mining Corporation Limited, in Zimbabwe, made a net profit of £20.3m, after full provision for interest charges, during its financial year to 30 June 1980, compared with a loss of £28.3m for the previous year. These results, which were better than the break-even position forecast in my previous review, were due mainly to unexpectedly good metal prices and to a large increase in revenue from cobalt sales. Prospects for the current year are less favourable, however, and the indications are that operating profits may not cover interest charges. We have confidence in the future of Shangani, which is the justification for our perseverance in funding our share of its financial requirements.

The future of Orythine Mining Company Limited has been the subject of a great deal of attention since my previous review. Your Board has decided that Johannes itself should re-open the mine but instead should seek a suitable partner to do so. Discussions to this end are being held with interested parties and, if these discussions should be successful, Orythine could be re-opened on a satisfactory and viable basis.

Our interests in the Industrial field include Consolidated Metallurgical Industries Limited (CMI) and Leaning Holdings Limited, which are managed by Johannes, and substantial portfolio investments in The South African Breweries Limited, Argus Printing and Publishing Company Limited and Votco South Africa Limited. Income from industrial investments, including the interest of Johannes and its subsidiaries in various financial subsidiaries in the retained earnings of non-subsidiary companies in which substantial investments are held, amounted to £229.1m, an increase of 86% on last year's figure. CMI enjoyed favourable market conditions during the year and its financial results, although adversely affected by the appreciation of the rand against the US dollar, were in accordance with expectations. At the end of June, however, the company's rate of production was cut by 15% in response to a decrease in ferro-chrome demand caused by sharp decline in US steel production.

SABreweries, which made a major contribution to the improvement in Johannes' income for the year, increased its earnings and dividends by 80.7% and 57.5% respectively and particularly well placed to benefit from the upsurge in consumer spending that is now developing.

There is good reason to expect that in the current financial year our industrial investments will again improve upon an already substantial contribution to consolidated income.

Johannesburg

October 30th 1980

Copies of the full Review and Report and Accounts are obtainable from the London Secretaries: Barnard Brothers Limited, 83 Bishopsgate, London EC2N 3AT

Quiet but firm

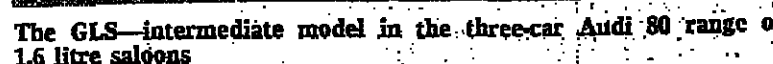
¹ \$ Forward bargains are permitted on two previous days

<p>Price: 1 shilling 6d. net. Postage 6d. extra. All prices include postage and packing. Price of 1 shilling 6d. net. Postage 6d. extra. All prices include postage and packing. Price of 1 shilling 6d. net. Postage 6d. extra. All prices include postage and packing.</p>	<p>Price: 1 shilling 6d. net. Postage 6d. extra. All prices include postage and packing. Price of 1 shilling 6d. net. Postage 6d. extra. All prices include postage and packing. Price of 1 shilling 6d. net. Postage 6d. extra. All prices include postage and packing.</p>
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A car likely to become a trend-setter

It was the unfinished part of the business that required so much careful thought, what to do with the Audi 80, a car of neat appearance but which had much in common with the VW Passat, a feature with obvious

Whether by design or accident, in creating the Audi 80 the manufacturers had brought traditional 2-litre-plus standards of performance, refinement and equipment into a smaller and more economical package, thereby giving customers the oppor-



The GLS—intermediate model in the three-car Audi 80 range of 1.6 litre saloons

Unlike the LS and GLS, which are also obtainable with three-speed automatic transmission, the fuel-injected GLE is only available with a four-speed manual gearbox. Prices range from £5,388 for the LS to £5,887 for the GLS or £6,240 with automatic transmission, and £7,095 for the GLE, an example of

What is equally pleasing, great care has been taken of both the colour-matching or blending and the fit of various items of trim and equipment, and the test car, in a light green metallic exterior finish with appropriate use of soft green shades inside, presented a most appealing aura of quality, happy blend of brightness with dignity which is not always easy to achieve.

The best consumption achieved over 250 mainly motorway miles, was just under 2 mpg, yet even in heavy London traffic over a two-day period was able to achieve more than 24 mpg.

The gear change was generally light and well defined, with just a trace of notchiness into first and second, and the clutch take

cannot easily be classified because it combines features usually associated with different market sectors. But perhaps the

A plea to anyone planning to follow the veteran cars along the route: Please leave them a room for manoeuvre, and especially for stopping and for making a run up hills.

John Blund

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